

1983 ANNUAL REPORT

Municipal Finance Authority of British Columbia

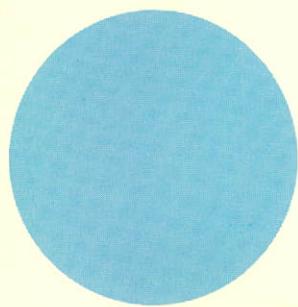


Ringrose Peak, Yoho National Park *Courtesy Tourism B.C.*

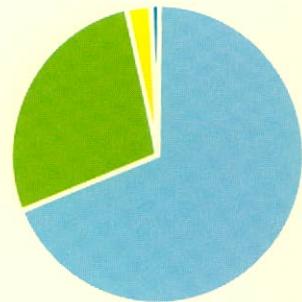
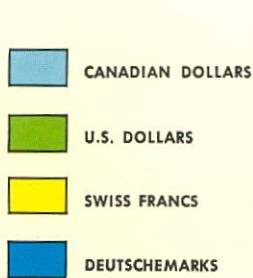
Annual Statement Highlights

| | MILLIONS OF DOLLARS | |
|---|---------------------|-------------|
| | DECEMBER 31 | DECEMBER 31 |
| | 1983 | 1982 |
| Total assets — combined funds | 1,244 | 1,078 |
| Loans to Regional Districts outstanding | 1,074 | 940 |
| Long-term debt outstanding (net of sinking funds) | 1,089 | 950 |
| Investments (including sinking funds) | 108 | 78 |
| Number of Regional and Water Districts participating | 29 | 29 |
| Number of Municipalities participating | 136 | 132 |

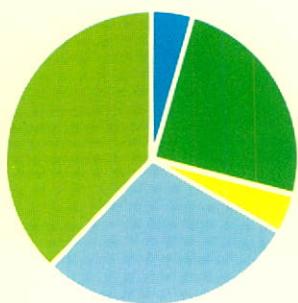
NEW LONG-TERM DEBT ISSUED IN 1983 —
BY CURRENCY OF PAYMENT



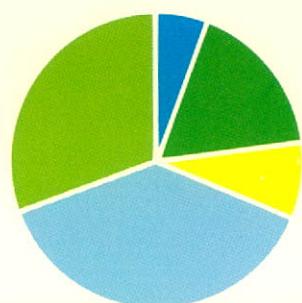
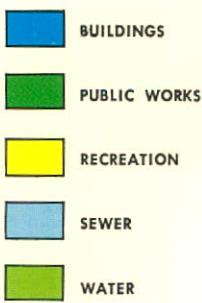
LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1983 —
BY CURRENCY OF PAYMENT



NEW LOANS TO REGIONAL DISTRICTS IN 1983 —
BY PURPOSE



TOTAL LOANS TO REGIONAL DISTRICTS 1971-1983 —
BY PURPOSE



Members and Officers — 1983

MEMBER

Mayor P. Reitsma
 Director G. E. McFee
 Alderman H. F. Sturrock
 Mayor R. G. Marks
 Director W. Parr
 Mayor H. DeJong
 Alderman G. E. MacNeill
 Alderman J. H. Stuart
 Director D. Crandall
 Director K. A. Hudson
 Director G. Giles
 Mayor D. R. Sharpe
 Alderman S. Wilson
 Director E. Pretty
 Alderman A. Stauble
 Mayor E. Burnett
 Alderman A. H. Emmott
 Mayor D. Humphreys
 Mayor J. E. Loucks
 Mayor D. A. Ross
 Alderman L. Ellis
 Mayor I. Muzzin
 Director G. LePore
 Director P. D. Smith
 Mayor N. R. P. Duke
 Director D. R. McDougall
 Alderman R. Petrick
 Director L. Emmonds
 Mayor P. J. Lester
 Director R. D. Cumming
 Mayor L. Goddard
 Alderman P. A. Wallace

REGIONAL DISTRICT

Alberni-Clayoquot Regional District
Bulkley-Nechako Regional District
Capital Regional District
Cariboo Regional District
Central Coast Regional District
Central Fraser Valley Regional District
Central Kootenay Regional District
Central Okanagan Regional District
Columbia-Shuswap Regional District
Comox-Strathcona Regional District
Cowichan Valley Regional District
Dewdney-Alouette Regional District
East Kootenay Regional District
Fraser-Cheam Regional District
Fraser-Fort George Regional District
Greater Vancouver Regional District
Kitimat-Stikine Regional District
Kootenay Boundary Regional District
Mount Waddington Regional District
Nanaimo Regional District
North Okanagan Regional District
Okanagan-Similkameen Regional District
Peace River-Liard Regional District
Powell River Regional District
Skeena-Queen Charlotte Regional District
Squamish-Lillooet Regional District
Sunshine Coast Regional District
Thompson-Nicola Regional District

BOARD OF TRUSTEES

Alderman J. H. Stuart, CHAIRMAN
 Director R. D. Cumming
 Alderman A. H. Emmott
 Mayor R. G. Marks
 Mayor D. A. Ross
 Director P. D. Smith
 Alderman H. F. Sturrock

OFFICERS

CHAIRMAN:
 Alderman J. H. Stuart
 ACTING CHAIRMAN:
 Mayor D. A. Ross
 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 — 1983

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

The year 1983 saw a reversal of the deep economic recession experienced throughout North America during 1981 and 1982. The volatile interest rate levels stabilized and a moderate economic recovery was recorded. In all, a rather welcome respite from the economic and interest rate environment that we had experienced earlier.

During the year, the Authority was required to raise \$167.3 million of new funds for our regional districts and municipalities. \$88.3 million was secured in the spring and \$79 million in November. For the record, I will outline the highlights of these transactions.

In mid-April, faced with requisitions for \$88.3 million, the Board of Trustees decided to launch a 20-year Canadian domestic bond issue simultaneously with a 10-year Canadian dollar bond issue in the European capital market. \$63.3 million of 12 $\frac{3}{8}\%$ 11 to 20 year sinking fund bonds were sold in the Canadian capital market at par. \$25 million of 11 $\frac{3}{4}\%$ 1 to 10 year sinking fund bonds were sold in the Euro-Canadian dollar market, also, at par. On June 15th, the proceeds of both issues were combined and lent to our members on a serial basis with interest payable at rates from 10 $\frac{1}{2}\%$ for the 5-year term to 12 $\frac{3}{8}\%$ for the 25-year term.

The timing of our spring issue was fortunate. The high point in bond prices and the low point in interest rates for 1983 occurred in mid to late April. The 12 $\frac{3}{8}\%$ 20-year bonds bore the fourth lowest yield of any long-term issue in the Canadian domestic market during 1983. The 11 $\frac{3}{4}\%$ Euro-Canadian 10-year issue had the lowest coupon for a Canadian dollar issue in the European capital market since 1979.

Requests for funding totalling \$79 million were approved at the 1983 semi-annual meeting, held in Penticton on September 13th. By early October, bond markets and interest rates had improved and the Board of Trustees chose again to float a Canadian domestic bond issue. During that month, we spent considerable time assessing opportunities for both long and medium-term financing. It became apparent that a medium-term (10 years) financing would be less costly to the Authority and would be more attractive to investors in the domestic market. At the same time, the Board of Trustees was offered a limited amount of Canadian dollars through a Japan-based Canadian



Alderman James H. Stuart
CHAIRMAN

Schedule "B" bank. The fixed-rate offer of 10-year funds, together with the extremely low commissions and issue expenses, was very attractive. On November 22nd, a 10-year bank loan in the amount of \$21 million was completed with interest at a rate of 12 $\frac{1}{8}\%$ payable annually. (Annual payment of 12 $\frac{1}{8}\%$ interest equals 11.77% approximately payable semi-annually.) Completion of this loan left the Trustees with an amount of \$58 million still to be raised. In order to facilitate the distribution of funds in November, a temporary loan was provided by our bankers. The Trustees, in close consultation with our Canadian managing underwriters, then waited for the right opportunity to complete an issue to repay the temporary financing. On December 15th, an issue of \$58 million of 12% 10-year bonds, sold at par, was completed. The proceeds of the 10-year bank loan and the 12% bond issue were reloaned on a sinking fund basis at interest rates from 10% for the 5-year term to 11 $\frac{1}{2}\%$ for the 25-year term. Since both the bank loan and the bonds will mature in 1993, borrowers

have been advised that the interest rates may change when the unfunded balance is rolled over in that year.

There are two features of the fall financing which are noteworthy. Completion of an attractive financing arranged by a Schedule "B" bank was a first for the Municipal Finance Authority. It speaks well of the changes brought about by amendments to Canada's Bank Act over the past few years. Our ability to arrange temporary financing in order to await more positive bond markets was also significant. Assisted by a more stable interest rate environment, our credit is now sufficiently well established that strategy, such as this, can again be employed in the years to come. In concluding this section of my report, I must express personal satisfaction with our fund-raising activities during 1983.

At the end of the year, the total of debt outstanding exceeded \$1.127 billion. In terms of currency exposure, the total breaks down as follows: Canadian \$775 million, or 68.7%, U.S. \$312.9 million, or 27.8%, Swiss Francs \$37.2 million, or 3.3%, and Deutsche-marks \$2.3 million, or 0.2%. We have continued our policy of expanding our Canadian dollar debt exposure. In my view, this policy is in our best interests and should be continued whenever possible.

Due to the extreme recession which occurred during 1981 and 1982, the credit ratings of bonds issued by the Municipal Finance Authority of British Columbia came under review by both New York rating agencies. On July 16th, Moody's Investors Services Inc. confirmed its triple A rating of all Municipal Finance Authority bonds. On August 3rd, Standard & Poor's Corporation lowered its rating of Municipal Finance Authority bonds from triple A to double A+. I was gratified that Moody's Investors Services Inc. had confirmed our Triple A rating. Notwithstanding the adverse effects of the recession on the provincial economy, they felt that strong elements of security remained in place for the Authority's debentures. Standard & Poor's Corporation attributed the lowering from triple A to double A+ to the economic and financial interdependence of the municipal and provincial governments in British Columbia. They stressed that the financial position of the Municipal Finance Authority remained strong.

The new split rating (AAA and AA+) did not appear to have any effect on our fund-raising activi-

ties during the latter half of 1983. The lowering from the top grade to the next highest grade by one agency cannot be considered to be very negative by active investors in the bond markets. I do not anticipate higher costs of funds as a result of the rating change.

During 1983, payments of principal and interest in excess of \$153.5 million were received from the regional districts and municipalities. At the end of the year, the total of investments managed was \$108.4 million. These investments were made on behalf of the Debt Reserve Fund — \$25.2 million, and the sinking and related debt servicing funds — \$83.2 million. Based on the average monthly total of investments held in the Debt Reserve Fund, the rate of interest earned in 1983 was 13.63% approximately. A rate of return on investments of the sinking and related debt servicing funds is not available since a large part of the investments in these funds consists of obligations of the Authority which receive a slightly different accounting treatment. The types of investments which may be held by the Authority are regulated by the Municipal Finance Authority Act. At December 31, 1983, the portfolio consisted of \$3.8 million of securities of or guaranteed by the Government of Canada, \$16.6 million of securities of or guaranteed by Provincial governments, \$52 million of securities of or guaranteed by Canadian chartered banks, \$4 million of securities of B.C. credit unions, \$2.6 million of securities issued directly by B.C. municipalities, regional districts or water and sewer districts and \$29.4 million of obligations of the Municipal Finance Authority of British Columbia.

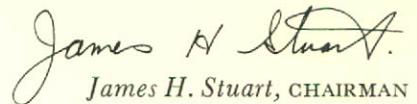
In my report for 1982, I noted the significant growth of the Authority over its first eleven years and touched upon the further growth which we will encounter during this decade. I mentioned the need to update our legislation and to improve our administrative organization. I am pleased to report progress on both of these concerns during 1983. Meetings were held with the Minister of Municipal Affairs and other Provincial officials on the matter of streamlining the Municipal Finance Authority Act. I am reasonably confident that we can expect the proposed amendments to our Act to be considered by the Legislature during 1984. The changes which we have requested are of a "housekeeping" nature; they will provide considerable savings in the years ahead. Progress was

also made on plans to enlarge and improve our office and staff facilities. New premises, complete with vault facility, have finally been located and occupancy can be expected by the middle of 1984.

The Trustees met eleven times during 1983. It was a pleasure to work with them. Their attitude of co-operation and attention to the needs of the Authority made my task as Chairman much easier. Trustee Paul D. Smith, Nanaimo Regional District, will not be returning as a member or Trustee this year. He has served on the Board of Trustees from 1977 to 1979 and again from 1981 to the end of this term. I wish him well in his retirement and acknowledge, with thanks, his contribution to the success of the Authority. Our small but competent staff also deserves my thanks. I believe they represent us extremely well.

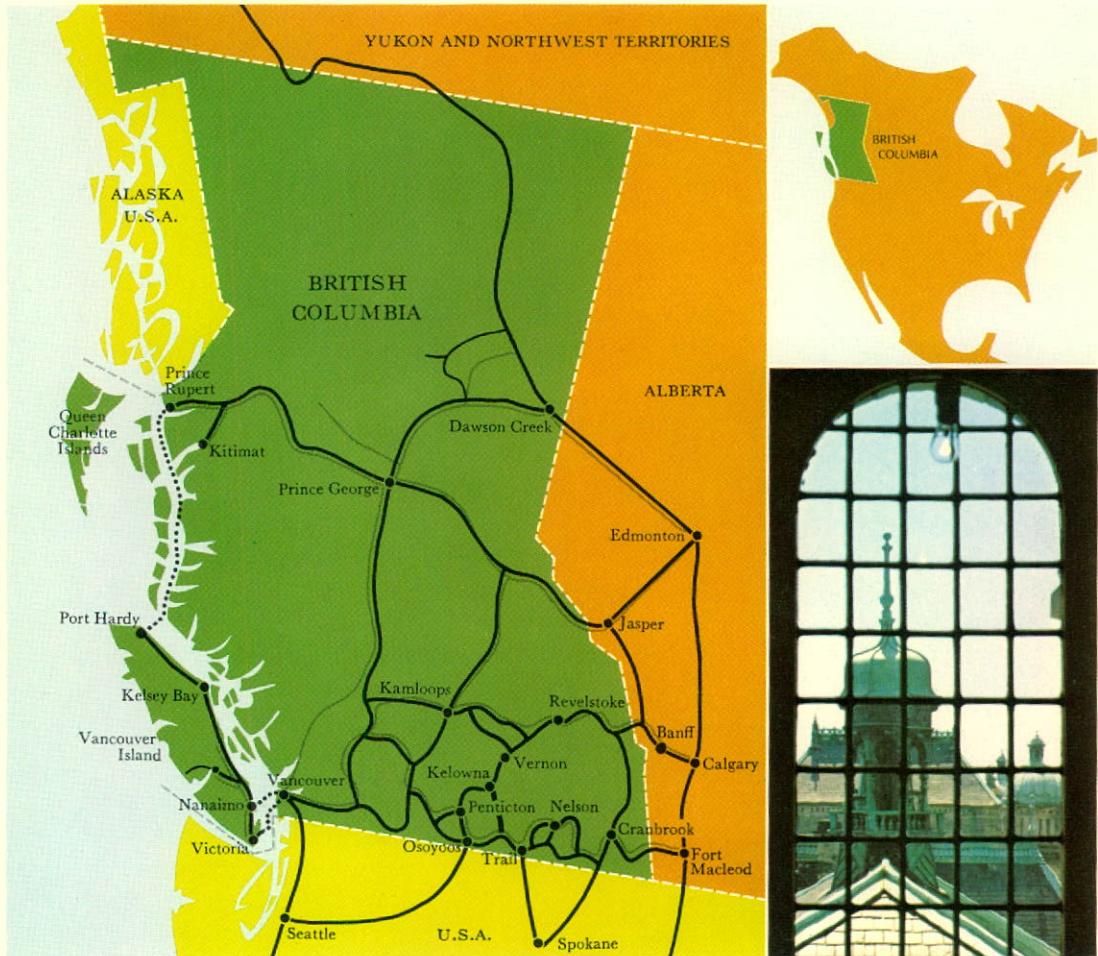
I have noted that 1983 saw an end to the extreme volatility in interest rates which had been characteristic of the opening years of the decade. 1984 will probably see national elections on both sides of the Canada-U.S. border. The elections should lead to some easing in interest rates. On the other hand, early signs indicate the North American economic recovery is continuing but also kindling new fears of inflation. Finally, the large amount of Canadian and U.S. federal financing which must be done in 1984 leads me to believe that we may look for slightly higher interest rates as 1984 unfolds.

It has been my pleasure to have served as Chairman during 1983.


James H. Stuart, CHAIRMAN



Lennard Island Lighthouse, Tofino, B.C. *Courtesy Tourism B.C.*



"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, 1977, 1981 and 1983.

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 two 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 regional and municipal governments are retained. Such safeguards include the requirement that the Inspector of Municipalities approve the debt and user charges, if any, and other taxes to service the debt. In addition, sewer and water projects require the issuance of a certificate of self-liquidation by the Inspector of Municipalities.

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

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1983

| | Principal Outstanding Dec. 31, 1982 | 1983 | | | Principal Outstanding Dec. 31, 1983 |
|---------------------------|---|---------------------|---------------------|---------------|---|
| | | New Loans Issued | Principal Repaid | | |
| REGIONAL DISTRICTS | | | | | |
| Alberni-Clayoquot | \$ 5,861,405 | 187,000 | 404,261 | 5,644,144 | |
| Bulkley-Nechako | 11,192,830 | 2,994,000 | 369,366 | 13,817,464 | |
| Capital | 81,149,627 | 11,413,500 | 3,142,907 | 89,420,220 | |
| Cariboo | 15,830,602 | 8,955,450 | 527,255 | 24,258,797 | |
| Central Coast | — | — | — | — | |
| Central Fraser Valley | 56,432,147 | 8,680,000 | 1,458,229 | 63,653,918 | |
| Central Kootenay | 14,251,012 | 1,234,224 | 412,691 | 15,072,545 | |
| Central Okanagan | 31,708,451 | 4,075,000 | 999,971 | 34,783,480 | |
| Columbia-Shuswap | 13,960,012 | 1,102,000 | 543,882 | 14,518,130 | |
| Comox-Strathcona | 50,893,971 | 1,551,000 | 1,386,593 | 51,058,378 | |
| Cowichan Valley | 25,112,072 | 1,735,000 | 841,779 | 26,005,293 | |
| Dewdney-Alouette | 29,799,277 | 17,662,800 | 741,626 | 46,720,451 | |
| East Kootenay | 54,030,299 | 11,959,014 | 1,546,991 | 64,442,322 | |
| Fraser-Cheam | 14,571,869 | 285,750 | 466,775 | 14,390,844 | |
| Fraser-Fort George | 50,271,061 | 11,017,850 | 1,704,181 | 59,584,730 | |
| Greater Vancouver | 195,418,628 | 14,991,100 | 8,362,599 | 202,047,129 | |
| Kitimat-Stikine | 14,526,122 | 356,698 | 734,604 | 14,148,216 | |
| Kootenay-Boundary | 6,284,404 | 4,183,170 | 239,344 | 10,228,230 | |
| Mount Waddington | 3,516,460 | 2,487,946 | 104,175 | 5,900,231 | |
| Nanaimo | 62,367,043 | 1,568,890 | 1,783,392 | 62,152,541 | |
| North Okanagan | 22,288,176 | 2,472,000 | 756,345 | 24,003,831 | |
| Okanagan-Similkameen | 22,242,880 | 3,001,613 | 663,897 | 24,580,596 | |
| Peace River-Liard | 40,051,814 | 32,097,670 | 1,802,156 | 70,347,328 | |
| Powell River | 6,294,750 | — | 243,211 | 6,051,539 | |
| Skeena-Queen Charlotte | 14,968,200 | 2,583,000 | 493,428 | 17,057,772 | |
| Squamish-Lillooet | 14,412,059 | 620,000 | 358,626 | 14,673,433 | |
| Sunshine Coast | 6,147,447 | 1,765,004 | 171,317 | 7,741,134 | |
| Thompson-Nicola | 57,126,955 | 9,733,851 | 1,858,526 | 65,002,280 | |
| WATER DISTRICTS | | | | | |
| Greater Campbell River | 3,599,918 | — | 83,984 | 3,515,934 | |
| Greater Nanaimo | 15,408,481 | 8,650,000 | 379,600 | 23,678,881 | |
| | \$ 939,717,972 | 167,363,530 | 32,581,711 | 1,074,499,791 | |

The Growth and Stability of British Columbia's Municipalities

ASSESSMENT

The British Columbia Assessment Authority, a provincially-appointed body, is responsible for assessments throughout the Province.

The fundamental principle underlying the Assessment Act is that land and improvements must be valued at their actual value (i.e., fair market value). The actual value totals for the Province in the years 1978 to 1983 were as follows:

| | | | |
|------|-----------------|------|------------------|
| 1978 | \$ 77.2 billion | 1981 | \$ 123.1 billion |
| 1979 | \$ 81.5 billion | 1982 | \$ 157.1 billion |
| 1980 | \$ 94.1 billion | 1983 | \$ 138.3 billion |

Property is segregated by type or use into property classes and, each year, the Lieutenant Governor in Council specifies the percentage of actual value at which each class shall be assessed. The value subject to taxation after exemptions is referred to as the net taxable assessed value.

Beginning in 1984, a fundamental change is proposed — in the form of Variable Tax Rates. This change will transfer the variability factor from the assessed value to the taxation process controlled by each municipality. Municipalities will have the freedom to choose an individual rate to be applied to each class of property to arrive at a general purposes taxation base. From an assessment point of view, the assessed value will be the actual value less exemptions.

SOURCE: BRITISH COLUMBIA ASSESSMENT AUTHORITY

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 1978 through 1982:

Tax Levies and Collections by the Regional Districts and Municipalities Therein

MILLIONS OF DOLLARS

| | 1982 | 1981 | 1980 | 1979 | 1978 |
|---|--------|--------|---------|---------|--------|
| Current tax levy | 1,661 | 1,395 | 1,108 | 1,034 | 964 |
| Arrears | 77 | 46 | 46 | 48 | 44 |
| Total taxes | 1,738 | 1,441 | 1,154 | 1,082 | 1,008 |
| Current taxes collected | 1,553 | 1,339 | 1,077 | 1,003 | 931 |
| Current collections as per cent of current tax levy | 93.50% | 95.99% | 97.24% | 96.96% | 96.52% |
| Arrears collected | 49 | 34 | 35 | 36 | 33 |
| Total collections as per cent of current tax levy | 96.45% | 98.42% | 100.43% | 100.46% | 99.97% |

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

| | 1982 | 1981 | 1980 | 1979 | 1978 |
|---|-------|-------|-------|-------|-------|
| REVENUES: | | | | | |
| Real property taxes | 683 | 558 | 456 | 423 | 401 |
| Other taxes | 111 | 99 | 85 | 72 | 68 |
| Total taxation | 794 | 657 | 541 | 495 | 469 |
| Contributions, grants and subsidies: | | | | | |
| Federal | 21 | 18 | 16 | 17 | 21 |
| Provincial | 244 | 294 | 237 | 214 | 182 |
| Taxes collected for school authorities | 862 | 747 | 571 | 535 | 498 |
| Other revenues — general | 369 | 317 | 260 | 215 | 168 |
| Other revenues — sewers | 41 | 44 | 38 | 34 | 30 |
| Other revenues — utilities | 109 | 98 | 85 | 75 | 70 |
| | 2,440 | 2,175 | 1,748 | 1,585 | 1,438 |
| Transfers from reserves | 70 | 76 | 39 | 53 | 34 |
| Transfers from surpluses of prior years | 34 | 29 | 27 | 28 | 21 |
| | 2,544 | 2,280 | 1,814 | 1,666 | 1,493 |
| EXPENDITURES: | | | | | |
| General government | 178 | 151 | 121 | 111 | 102 |
| Fire and police | 311 | 260 | 207 | 188 | 167 |
| Public works and sanitation | 237 | 195 | 167 | 149 | 139 |
| Public health | 38 | 31 | 28 | 25 | 17 |
| Social welfare | 11 | 34 | 30 | 28 | 27 |
| Recreation and community services | 205 | 167 | 141 | 123 | 110 |
| Debt charges | 224 | 195 | 161 | 154 | 135 |
| Taxes transmitted to school authorities | 862 | 747 | 571 | 535 | 498 |
| Other expenditures — general | 132 | 115 | 76 | 55 | 50 |
| Other expenditures — sewers | 32 | 28 | 25 | 20 | 19 |
| Other expenditures — utilities | 78 | 70 | 63 | 56 | 49 |
| Contributions to capital — general | 96 | 137 | 99 | 90 | 69 |
| Contributions to capital — sewers | 4 | 4 | 3 | 3 | 3 |
| Contributions to capital — utilities | 13 | 11 | 10 | 10 | 9 |
| | 2,421 | 2,145 | 1,702 | 1,547 | 1,394 |
| Transfers to reserves | 89 | 77 | 75 | 79 | 64 |
| Operating surplus | 34 | 58 | 37 | 40 | 35 |
| | 2,544 | 2,280 | 1,814 | 1,666 | 1,493 |

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS



Fall Colours near Hazelton, B.C. Courtesy Tourism B.C.

Auditors' Report — 1983

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 1M1
(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, 1983, the statements of revenue, expenditure and surplus of each of these funds, 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, 1983, 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
February 3, 1984

A handwritten signature in black ink that reads "Peat, Marwick, Mitchell & Co." in a cursive, flowing script.

CHARTERED ACCOUNTANTS

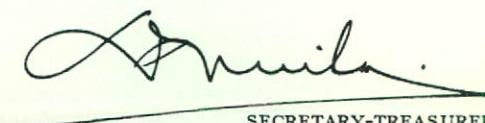
MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1983 — WITH COMPARATIVE FIGURES FOR 1982
THOUSANDS OF DOLLARS

| | OPERATING FUND | | DEBT FUND | |
|--|----------------|------------|------------------|----------------|
| | 1983 | 1982 | 1983 | 1982 |
| ASSETS | | | | |
| Cash | \$ 144 | 119 | 1,324 | 1,976 |
| Receivables: | | | — | — |
| Due from Operating Fund | — | — | 21,824 | 8,405 |
| Due from Capital Repayment Equalization Fund | 1 | 5 | — | — |
| Accrued interest | 19 | 4 | — | — |
| Other | 20 | 9 | 21,824 | 8,405 |
| Total receivables | — | — | — | — |
| Investments (Note 2) | | | — | — |
| Demand notes receivable from Regional Districts, without interest | — | — | 1,074,500 | 939,718 |
| Loans to Regional Districts (Note 3) | | | | |
| Deferred receivables from Regional Districts (Note 4) | — | — | 21,573 | 21,573 |
| Unamortized issue costs | | | 1,312 | 1,525 |
| | <u>\$ 164</u> | <u>128</u> | <u>1,120,533</u> | <u>973,197</u> |
| LIABILITIES AND SURPLUS | | | | |
| Liabilities: | | | | |
| Accounts payable and unpresented matured debt | \$ 26 | 21 | 2,640 | 1,976 |
| Due to bank | — | — | 4,615 | 2,380 |
| Due to Debt Fund | | | — | — |
| Due to Market Development Fund | 28 | 28 | — | — |
| Due to sinking and other funds (Note 5) | — | — | 564 | 1,302 |
| Due to Regional Districts (Note 6) | | | — | — |
| Reserves for office relocation and data processing implementation | 109 | 75 | — | — |
| Long-term debt, net (Notes 7, 8 and 9), Schedule | | | 1,089,348 | 950,432 |
| | <u>163</u> | <u>124</u> | <u>1,097,167</u> | <u>956,090</u> |
| Total liabilities | 1 | 4 | 23,366 | 17,107 |
| Surplus, per accompanying statement (Note 10) | | | | |
| | <u>\$ 164</u> | <u>128</u> | <u>1,120,533</u> | <u>973,197</u> |

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|--------|-------------------|--------|----------------------------|------|-----------|-----------|
| 1983 | 1982 | 1983 | 1982 | 1983 | 1982 | 1983 | 1982 |
| 151 | 63 | 130 | 190 | — | — | 1,749 | 2,348 |
| — | — | — | — | 28 | 28 | — | — |
| — | — | — | — | — | — | — | — |
| 1,321 | 715 | 610 | 502 | — | — | 1,932 | 1,222 |
| — | — | — | — | — | — | 19 | 4 |
| 1,321 | 715 | 610 | 502 | 28 | 28 | 1,951 | 1,226 |
| 45,739 | 28,580 | 25,229 | 21,031 | — | — | 70,968 | 49,611 |
| — | — | 71,867 | 61,703 | — | — | 71,867 | 61,703 |
| — | — | — | — | — | — | 1,074,500 | 939,718 |
| — | — | — | — | — | — | 21,573 | 21,573 |
| — | — | — | — | — | — | 1,312 | 1,525 |
| 47,211 | 29,358 | 97,836 | 83,426 | 28 | 28 | 1,243,920 | 1,077,704 |
| — | — | 31 | 15 | — | — | 2,697 | 2,012 |
| — | — | — | — | — | — | 4,615 | 2,380 |
| 21,824 | 8,405 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 564 | 1,302 |
| — | — | 97,805 | 83,411 | — | — | 97,805 | 83,411 |
| — | — | — | — | — | — | 109 | 75 |
| — | — | — | — | — | — | 1,089,348 | 950,432 |
| 21,824 | 8,405 | 97,836 | 83,426 | — | — | 1,195,138 | 1,039,612 |
| 25,387 | 20,953 | — | — | 28 | 28 | 48,782 | 38,092 |
| 47,211 | 29,358 | 97,836 | 83,426 | 28 | 28 | 1,243,920 | 1,077,704 |



SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and Surplus

YEAR ENDED DECEMBER 31, 1983 — WITH COMPARATIVE FIGURES FOR 1982
THOUSANDS OF DOLLARS

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|------|-----------|---------|
| | 1983 | 1982 | 1983 | 1982 |
| REVENUE | | | | |
| Prior year's surplus appropriated | \$ 4 | 1 | — | — |
| Operating levy | 350 | 352 | — | — |
| Recoveries from new issues | 65 | 62 | — | — |
| Gain on purchases of own debentures | — | — | 2,258 | 3,176 |
| Interest from investments | 7 | 10 | 3,338 | 2,559 |
| Interest from loans to Regional Districts | — | — | 14,234 | 14,850 |
| Principal from loans to Regional Districts | — | — | — | — |
| Recovery of deficiencies from Regional Districts | — | — | — | — |
| Transfers from Operating Fund | — | — | 107,629 | 84,584 |
| Transfers from Capital Repayment Equalization Fund | — | — | 621 | 87 |
| Transfers from Debt Reserve Fund | — | — | 73 | — |
| Exchange gain | — | — | 128,153 | 105,256 |
| Total revenue | 426 | 425 | — | — |
| EXPENDITURE | | | | |
| Legislative | 48 | 51 | — | — |
| Administrative | 352 | 340 | — | — |
| Transfers to Debt Fund — capital | — | — | — | — |
| Transfers to Debt Fund — revenue | — | — | — | — |
| Transfers to Market Development Fund | 25 | 30 | 121,681 | 98,964 |
| Interest | — | — | — | 234 |
| Exchange loss | — | — | 213 | 248 |
| Amortization of issue costs | — | — | — | — |
| Allocations to Regional Districts | — | — | — | — |
| Other | 425 | 421 | 121,894 | 99,446 |
| Total expenditure | — | — | — | — |
| Excess of revenue over expenditure for the year | 1 | 4 | 6,259 | 5,810 |
| Surplus at the beginning of the year not appropriated to current revenue | — | — | 17,107 | 11,297 |
| Surplus at the end of the year | \$ 1 | 4 | 23,366 | 17,107 |

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|----------------|-------------------|--------------|----------------------------|-----------|----------------|----------------|
| 1983 | 1982 | 1983 | 1982 | 1983 | 1982 | 1983 | 1982 |
| 20,953 | 15,746 | — | — | 28 | 25 | 20,985 | 15,772 |
| — | — | — | — | — | — | 350 | 352 |
| — | — | — | — | — | — | 65 | 62 |
| 201 | 1,498 | — | — | — | — | 2,459 | 4,674 |
| 4,906 | 4,089 | 3,130 | 2,722 | — | — | 11,381 | 9,380 |
| 106,827 | 83,308 | — | — | — | — | 121,061 | 98,158 |
| 24,353 | 18,503 | — | — | — | — | — | — |
| — | — | 201 | 486 | — | — | 201 | 486 |
| — | — | — | — | 25 | 30 | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| 132 | 898 | — | — | — | — | 205 | 664 |
| <u>157,372</u> | <u>124,042</u> | <u>3,331</u> | <u>3,208</u> | <u>53</u> | <u>55</u> | <u>156,707</u> | <u>129,548</u> |
| — | — | — | — | — | — | 48 | 51 |
| — | — | — | — | — | — | 352 | 340 |
| 24,353 | 18,503 | 114 | 114 | — | — | — | — |
| 107,629 | 84,584 | 621 | 87 | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 121,681 | 98,964 |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 213 | 248 |
| 3 | 2 | 2,558 | 2,997 | — | — | 2,675 | 3,113 |
| — | — | 38 | 10 | 25 | 27 | 63 | 37 |
| <u>131,985</u> | <u>103,089</u> | <u>3,331</u> | <u>3,208</u> | <u>25</u> | <u>27</u> | <u>125,032</u> | <u>102,753</u> |
| 25,387 | 20,953 | — | — | 28 | 28 | 31,675 | 26,795 |
| — | — | — | — | — | — | 17,107 | 11,297 |
| <u>25,387</u> | <u>20,953</u> | <u>—</u> | <u>—</u> | <u>28</u> | <u>28</u> | <u>48,782</u> | <u>38,092</u> |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Statement of Debt FinancingYEAR ENDED DECEMBER 31, 1983 — WITH COMPARATIVE FIGURES FOR 1982
THOUSANDS OF DOLLARS

| | 1983 | 1982 |
|--|-------------------|----------------|
| FINANCES ACQUIRED | | |
| Gross proceeds from debt issues | \$ 167,300 | 202,600 |
| Loan from sinking and other funds | 63 | 299 |
| | <u>167,363</u> | <u>202,899</u> |
| Principal repayments from Regional Districts | 8,112 | 7,200 |
| Transfers from Capital Repayment Equalization Fund — net | 11,720 | 18,326 |
| Transfers from Debt Reserve Fund | 114 | 114 |
| Bank loans | 7,235 | 2,302 |
| | <u>27,181</u> | <u>27,942</u> |
| Total finances acquired | <u>\$ 194,544</u> | <u>230,841</u> |
| FINANCES APPLIED | | |
| Issue expenses | \$ 2,181 | 1,861 |
| Advances to Regional Districts | 163,509 | 174,927 |
| Transfers to Debt Reserve Fund | 1,673 | 1,783 |
| Retirement of long-term debt | — | 14,412 |
| Bank loans | — | 9,916 |
| | <u>167,363</u> | <u>202,899</u> |
| Bank loans | 5,098 | 3,378 |
| Retirement of long-term debt | 19,407 | 23,436 |
| Transfers to sinking funds — net | 2,676 | 1,128 |
| | <u>27,181</u> | <u>27,942</u> |
| Total finances applied | <u>\$ 194,544</u> | <u>230,841</u> |

Notes to Financial Statements — All Funds

DECEMBER 31, 1983

1

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

The Municipal Finance Authority of British Columbia (the "Authority"), created in 1970 by the Municipal Finance Authority of British Columbia Act (the "Act"), is the central borrowing agency for financing of capital requirements (other than for schools and hospitals) for regional districts and their member municipalities in the Province of British Columbia (the "Province"). The Authority issues its own debentures or other evidence of indebtedness and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

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

OPERATING FUND

The Act provides for the establishment of an operating fund to meet the annual operating budget. For this purpose, the Authority may impose, annually, rates not exceeding the prescribed rates on all taxable land and improvements 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, 1983

*Organization of Municipal Finance Authority of British Columbia and significant accounting policies, continued:***MARKET DEVELOPMENT FUND**

The development of markets for the Authority's debt 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 operating levy is recognized as revenue in the Operating Fund when the 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 average lives of the debt issues to which they relate.

FOREIGN CURRENCY TRANSACTIONS

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

Exchange gains and losses on other transactions are recognized when realized.

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, 1983

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.

However, debentures purchased in anticipation of mandatory annual redemptions for sinking fund purposes are cancelled immediately in accordance with the terms of such issues.

2

Investments

Investments consist of securities of:

| | 1983 | 1982 | |
|---|------------------|---------------|---------------|
| | Par Value | Book Value | Book value |
| (THOUSANDS OF DOLLARS) | | | |
| CAPITAL REPAYMENT EQUALIZATION FUND | | | |
| Government of Canada, direct or guaranteed | \$ 400 | 399 | 398 |
| Provincial governments, direct or guaranteed | 4,140 | 3,466 | 1,819 |
| Chartered banks, direct or guaranteed | 36,993 | 35,827 | 21,730 |
| Credit Unions in the Province | 2,248 | 2,248 | 620 |
| Regional Districts and Municipalities in the Province | 1,411 | 1,359 | 1,100 |
| The Authority | 2,440 | 2,440 | 2,913 |
| | <u>\$ 47,632</u> | <u>45,739</u> | <u>28,580</u> |
| DEBT RESERVE FUND | | | |
| Government of Canada, direct or guaranteed | \$ 3,191 | 3,066 | 4,223 |
| Provincial governments, direct or guaranteed | 8,756 | 8,623 | 7,481 |
| Chartered banks, direct or guaranteed | 13,675 | 13,499 | 9,287 |
| Credit Unions in the Province | 46 | 41 | 40 |
| | <u>\$ 25,668</u> | <u>25,229</u> | <u>21,031</u> |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1983

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.

At the exchange rates prevailing at December 31, 1983, the scheduled payments under the agreements with the regional districts in respect of the debts payable in Swiss francs and Deutschemarks 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:

| | <u>1983</u> | <u>1982</u> |
|------|------------------------|---------------|
| | (THOUSANDS OF DOLLARS) | |
| 1983 | \$ 32,465 | |
| 1984 | 37,870 | 33,948 |
| 1985 | 38,859 | 34,770 |
| 1986 | 38,793 | 34,517 |
| 1987 | 39,156 | 34,670 |
| 1988 | 40,554 | |
| | <hr/> \$ 195,232 | <hr/> 170,370 |

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 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.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1983

5**Due to sinking
and other funds**

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

In addition to its own debentures purchased under this provision, loans to the Debt Fund totalling \$562,483 (1982 — \$1,271,335) together with accrued interest of \$2,242 (1982 — \$30,784) were outstanding at December 31, 1983. Like the debentures the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6**Debt Reserve Fund**

The amounts due to the regional districts will be repaid to them when they have made the final payment under their respective loan agreements. 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 1983, deficiencies of \$735,144 (1982 — \$201,318) in the amounts of funds available to meet the principal and interest payments on the Deutschemark loan and the interest payment on the Swiss franc loan have been met by transfers from the Debt Reserve Fund. Such 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.

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1983

7**Long-term debt**

The aggregate long-term debt maturities and sinking fund requirements in each of the next five years are as follows (including the debt payable in European currencies at the exchange rates prevailing at December 31, 1983 and provision for early redemptions at the option of the bondholder):

| | 1983 | 1982 |
|------|------------------------|----------------|
| | (THOUSANDS OF DOLLARS) | |
| 1983 | \$ 16,150 | |
| 1984 | 17,329 | 22,816 |
| 1985 | 104,967 | 103,339 |
| 1986 | 168,003 | 166,188 |
| 1987 | 155,136 | 155,434 |
| 1988 | <u>124,750</u> | |
| | <u>\$ 570,185</u> | <u>463,927</u> |

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

8**Foreign currencies**

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

| | 1983 | 1982 |
|-----------------------|--------------------|-------------|
| United States dollars | U.S.\$ 312,883,000 | 325,196,000 |
| Swiss francs | SFr 51,600,000 | 51,600,000 |
| Deutschmarks | DM 7,425,000 | 8,250,000 |

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars.

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1983

9

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.

Certain debt issues are 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 December 31, 1983, retired \$14,612,000 (1982 — \$12,217,000) 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:

| | 1983 | 1982 | |
|---|------------------|---------------|---------------|
| | Par Value | Book Value | Book Value |
| (THOUSANDS OF DOLLARS) | | | |
| Securities of: | | | |
| Government of Canada, direct or guaranteed | \$ 325 | 324 | 323 |
| Provincial governments, direct or guaranteed | 5,641 | 4,550 | 2,726 |
| Chartered banks, direct or guaranteed | 3,087 | 2,703 | 2,394 |
| Credit Unions in the Province | 1,669 | 1,669 | — |
| Regional Districts and Municipalities in the Province | 1,399 | 1,239 | 670 |
| The Authority | 26,919 | 26,919 | 22,468 |
| | <u>\$ 39,040</u> | <u>37,404</u> | <u>28,581</u> |
| Cash | | 99 | 74 |
| Accrued interest and other | | 555 | 426 |
| Total assets | | 38,058 | 29,081 |
| Accumulated actuarial requirements for retirement of the related debt | | 24,578 | 19,705 |
| Excess of assets over accumulated actuarial requirements | | \$ 13,480 | 9,376 |

10

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.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund — Schedule of Long-Term DebtDECEMBER 31, 1983 — WITH COMPARATIVE FIGURES FOR 1982
THOUSANDS OF DOLLARS

| 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 |
| 2 | 1971 | December 1, 1984-1996 | 7.750 | Canadian | 1,259 |
| 3 | 1972 | March 1, 1992 | 7.750 | Canadian | 1,675 |
| | | March 1, 1997 | 7.750 | Canadian | 2,575 |
| 4 | 1972 | October 1, 1984-1992 | 6.750 | West German | 4,618 |
| 5 | 1978 | November 15, 1987 | 7.750 | Swiss | 37,188 |
| 6 | 1973 | June 1, 1983 | 7.750 | Canadian | 4,049 |
| | | June 1, 1984-1993 | 8.125 | Canadian | 8,727 |
| 7 | 1974 | March 1, 1985-1989 | 9.000 | Canadian | 887 |
| | | March 1, 1994 | 9.000 | Canadian | 6,462 |
| 8 | 1974 | April 15, 1984 | 8.500 | Canadian | 1,764 |
| 9 | 1974 | April 16, 1994 | 9.000 | Canadian | 6,800 |
| 11 | 1974 | September 3, 1984 | 10.375 | Canadian | 2,000 |
| | | September 3, 1985-1994 | 10.750 | Canadian | 5,000 |
| 12 | 1975 | January 15, 2000 | 9.750 | United States | 34,500 |
| | | January 15, 1984 | 9.420 | Canadian | 40 |
| 14 | 1975 | April 1, 1984-1985 | 9.500 | Canadian | 535 |
| 16 | 1975 | September 2, 1983 | 10.125 | Canadian | 750 |
| | | September 2, 1984 | 10.250 | Canadian | 820 |
| | | September 2, 1985 | 10.375 | Canadian | 910 |
| | | September 2, 1995 | 10.750 | Canadian | 5,000 |
| 17 | 1975 | November 1, 2000 | 9.875 | United States | 37,000 |
| 18 | 1976 | May 1, 2001 | 8.875 | United States | 52,500 |
| 19 | 1976 | October 15, 2001 | 8.750 | United States | 50,000 |
| | | October 15, 1986 | 8.200 | United States | 10,000 |
| 20 | 1977 | June 1, 1985/1997 | 9.000 | Canadian | 25,000 |
| | | June 1, 1997 | 9.875 | Canadian | 20,000 |
| 21 | 1977 | December 1, 1984-1987 | 8.750 | Canadian | 1,227 |
| | | December 1, 1988-1992 | 9.250 | Canadian | 961 |
| | | December 1, 1997 | 9.500 | Canadian | 33,500 |
| | | December 1, 2002 | 9.500 | Canadian | 7,000 |
| 22 | 1978 | June 1, 1998 | 9.250 | United States | 29,363 |
| | | June 1, 2003 | 9.375 | United States | 4,737 |
| 23 | 1978 | November 15, 1983 | 9.375 | Canadian | 750 |
| | | November 15, 1984-1988 | 9.500 | Canadian | 1,150 |
| | | November 15, 1989-1993 | 9.625 | Canadian | 890 |
| | | November 15, 1998 | 9.950 | Canadian | 30,000 |
| A23 | 1978 | November 15, 1998 | 9.950 | Canadian | 6,735 |
| | | November 15, 2003 | 10.000 | Canadian | 3,265 |

Carried forward

Schedule

| December 31, 1983 | | December 31, 1982 | | References |
|-------------------|---------------|---------------------|---------------------|------------------|
| Outstanding | Sinking funds | Long-term debt, net | Long-term debt, net | |
| 12,710 | 1,040 | 11,670 | 12,839 | (1) |
| 809 | — | 809 | 862 | |
| 1,675 | 153 | 1,522 | 1,675 | (2) |
| 2,575 | 138 | 2,437 | 2,575 | (2) |
| 2,286 | — | 2,286 | 2,540 | (3) |
| 37,188 | — | 37,188 | 37,188 | (4) |
| — | — | — | 554 | |
| 8,727 | — | 8,727 | 8,727 | (5) |
| 887 | — | 887 | 887 | (5) |
| 6,462 | 3,180 | 3,282 | 3,835 | (2) (5) |
| 284 | — | 284 | 548 | |
| 6,800 | 3,301 | 3,499 | 4,106 | (2) |
| 400 | — | 400 | 800 | (5) |
| 5,000 | — | 5,000 | 5,000 | (5) |
| 21,038 | 3 | 21,035 | 24,068 | (6) |
| 6 | — | 6 | 12 | (5) |
| 149 | — | 149 | 214 | (5) |
| — | — | — | 750 | |
| 820 | — | 820 | 820 | (5) |
| 910 | — | 910 | 910 | (5) |
| 5,000 | — | 5,000 | 5,000 | (7) |
| 27,205 | 414 | 26,791 | 28,570 | (8) |
| 36,414 | 2 | 36,412 | 40,180 | (9) |
| 38,137 | — | 38,137 | 38,598 | (10) |
| 6,594 | — | 6,594 | 7,950 | (1) |
| 25,000 | — | 25,000 | 25,000 | (11) |
| 20,000 | 6,870 | 13,130 | 14,492 | (2) (5) |
| 1,021 | — | 1,021 | 1,227 | (5) |
| 961 | — | 961 | 961 | (5) |
| 33,500 | 10,131 | 23,369 | 25,342 | (5) |
| 7,000 | 1,385 | 5,615 | 5,911 | (2) (5) |
| 26,166 | — | 26,166 | 26,923 | (1) |
| 4,419 | — | 4,419 | 4,495 | (1) |
| — | — | — | 178 | |
| 1,150 | — | 1,150 | 1,150 | (5) |
| 890 | — | 890 | 890 | (5) |
| 30,000 | 7,850 | 22,150 | 23,972 | (2) (5) |
| 6,735 | 1,695 | 5,040 | 5,451 | (2) (5) |
| 3,265 | 568 | 2,697 | 2,833 | (2) (5) |
| 382,183 | 36,730 | 345,453 | 368,033 | <i>continued</i> |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Schedule of Long-Term Debt / continuedDECEMBER 31, 1983 — WITH COMPARATIVE FIGURES FOR 1982
THOUSANDS OF DOLLARS

| Issue | Year of issue | Maturity date | Interest rate percent | Currency of payment | Original amount |
|-------|---------------|-----------------------|-----------------------|---------------------|-----------------|
| | | | | Brought forward | |
| 24 | 1979 | May 15, 1989/1999 | 10.250 | Canadian | 24,000 |
| 25 | 1979 | December 6, 1999 | 12.250 | Canadian | 54,100 |
| 26 | 1979 | December 6, 2004 | 12.250 | Canadian | 11,133 |
| 27 | 1980 | June 2, 1984-1986 | 11.375 | Canadian | 62,705 |
| 28 | 1980 | December 1, 2005 | 13.750 | United States | 90,000 |
| 29 | 1981 | April 29, 1986 | 13.625 | Canadian | 95,000 |
| 30 | 1981 | October 28, 1985/1997 | 17.000 | United States | 54,000 |
| 31 | 1982 | June 30, 1987 | 16.750 | Canadian | 102,600 |
| 32 | 1982 | October 27, 1988 | 13.625 | Canadian | 100,000 |
| 33 | 1983 | June 15, 1993 | 11.750 | Canadian | 25,000 |
| | | June 15, 2003 | 12.375 | Canadian | 63,300 |
| 34 | 1983 | November 22, 1993 | 12.000 | Canadian | 58,000 |
| | | November 22, 1993 | 12.125 | Canadian | 21,000 |

Canadian
United States
Swiss
West German

Schedule

| December 31, 1983 | | December 31, 1982 | | References |
|---------------------|---------------|---------------------|---------------------|------------|
| Outstanding | Sinking funds | Long-term debt, net | Long-term debt, net | |
| \$ 382,183 | 36,730 | 345,453 | 368,033 | |
| 24,000 | — | 24,000 | 24,000 | (12) |
| 49,425 | — | 49,425 | 50,650 | (13) |
| 11,133 | 1,328 | 9,805 | 10,194 | (2) (14) |
| 56,355 | — | 56,355 | 58,705 | (15) |
| 86,200 | — | 86,200 | 87,250 | (16) |
| 95,000 | — | 95,000 | 95,000 | (5) (17) |
| 54,000 | — | 54,000 | 54,000 | (18) |
| 102,600 | — | 102,600 | 102,600 | (5) |
| 100,000 | — | 100,000 | 100,000 | (5) |
| 24,210 | — | 24,210 | — | (1) |
| 63,300 | — | 63,300 | — | (1) |
| 58,000 | — | 58,000 | — | (5) |
| 21,000 | — | 21,000 | — | (19) |
| <u>\$ 1,127,406</u> | <u>38,058</u> | <u>1,089,348</u> | <u>950,432</u> | |
| \$ 775,049 | | | | |
| 312,883 | | | | |
| 37,188 | | | | |
| 2,286 | | | | |
| <u>\$ 1,127,406</u> | | | | |

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1983

- 1 Non-callable except for sinking fund purposes.
- 2 The sinking fund has been calculated to provide for retirement of the issue at maturity.
- 3 Callable on October 1, 1984 and annually thereafter at 102% reducing to 100.25% in 1991. Callable annually, also, at 101.50% in 1984 reducing to 100% in 1991, upon the imposition of withholding taxes.
- 4 Callable at 100% on November 15, 1984 (minimum Swiss francs 10,000,000 or an integral multiple thereof). The interest rate is effective until November 15, 1984; it will be reset on that date for the final 3-year period.
- 5 Non-callable prior to maturity.
- 6 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.
- 7 The sinking fund to provide for retirement of the issue at maturity will begin in 1986.
- 8 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.
- 9 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.
- 10 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.
- 11 Redeemable at holder's option on June 1, 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.
- 12 Redeemable at holder's option on May 15, 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.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

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

DECEMBER 31, 1983

- 13 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
- 14 Callable on December 6, 1997 and thereafter at any time at 100%.
- 15 Callable at 102.50% reducing to 101.75% on June 2 in each of the years 1984 to 1985.
- 16 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.
- 17 Exchangeable at holder's option for bonds maturing on April 29, 2001 and bearing interest at the rate of 14% per annum from April 29, 1986.
- 18 Redeemable at 100% at holder's option on October 28, 1985, 1989 or 1993. Callable at 100% on October 28, 1985, 1989 or 1993. Callable also at 100%, at any time, upon the imposition of withholding taxes. The interest rate is effective until October 28, 1985. It will be reset by the Authority from that date and from October 28, 1989 and 1993.
- 19 Non-callable prior to maturity unless lender so agrees.

Ten-Year Review — Combined Funds

THOUSANDS OF DOLLARS

| | 1983 | 1982 | 1981 | 1980 |
|--|------------------|------------------|----------------|----------------|
| ASSETS | | | | |
| Cash | 1,749 | 2,348 | 415 | 633 |
| Receivables | 1,951 | 1,226 | 992 | 589 |
| Investments | 70,968 | 49,611 | 39,863 | 30,540 |
| Demand notes receivable from Regional Districts | 71,867 | 61,703 | 48,906 | 37,374 |
| Loans to Regional Districts | 1,074,500 | 939,718 | 787,185 | 659,338 |
| Deferred receivables from Regional Districts | 21,573 | 21,573 | 21,573 | 21,787 |
| Unamortized issue costs | 1,312 | 1,525 | 1,555 | 1,612 |
| Total assets | 1,243,920 | 1,077,704 | 900,489 | 751,873 |
| LIABILITIES AND SURPLUS | | | | |
| Accounts payable and unpresented matured debt | 2,697 | 2,012 | 202 | 473 |
| Due to banks | 4,615 | 2,380 | 14,760 | 2,684 |
| Due to sinking and other funds | 564 | 1,302 | — | 2,831 |
| Reserves for office relocation and data processing implementation | 109 | 75 | 45 | 25 |
| Due to Regional Districts | 97,805 | 83,411 | 65,903 | 50,186 |
| Long-term debt, net | 1,089,348 | 950,432 | 792,509 | 679,886 |
| Total liabilities | 1,195,138 | 1,039,612 | 873,419 | 736,085 |
| Surplus | 48,782 | 38,092 | 27,070 | 15,788 |
| Total liabilities and surplus | 1,243,920 | 1,077,704 | 900,489 | 751,873 |
| REVENUE | | | | |
| Prior year's surplus appropriated | 20,985 | 15,772 | 10,945 | 8,329 |
| Operating levy | 350 | 352 | 309 | 270 |
| Recoveries from new issues | 65 | 62 | 55 | 48 |
| Gains on purchases of own debentures | 2,459 | 4,674 | 6,351 | 2,921 |
| Interest from investments | 11,381 | 9,380 | 6,173 | 3,989 |
| Interest from loans to Regional Districts | 121,061 | 98,158 | 78,144 | 56,434 |
| Recovery of deficiencies from Regional Districts | 201 | 486 | 1,050 | 1,662 |
| Allocations from Regional Districts | — | — | — | — |
| Other | 205 | 664 | 46 | — |
| Total revenue | 156,707 | 129,548 | 103,073 | 73,653 |
| EXPENDITURE | | | | |
| Legislative | 48 | 51 | 44 | 48 |
| Administrative | 352 | 340 | 313 | 240 |
| Interest | 121,681 | 98,964 | 77,175 | 56,050 |
| Exchange loss | — | — | — | 130 |
| Amortization of issue and redemption costs | 213 | 248 | 286 | 342 |
| Allocations to Regional Districts | 2,675 | 3,113 | 3,036 | 2,512 |
| Other | 63 | 37 | (8) | 65 |
| Total expenditure | 125,032 | 102,753 | 80,846 | 59,387 |
| Excess of revenue over expenditure for the year | 31,675 | 26,795 | 22,227 | 14,266 |
| Surplus at beginning of the year not appropriated to current revenue | 17,107 | 11,297 | 4,843 | 1,522 |
| Surplus at end of the year | 48,782 | 38,092 | 27,070 | 15,788 |

| 1979 | 1978 | 1977 | 1976 | 1975 | 1974 |
|---------|---------|---------|---------|---------|---------|
| 383 | 201 | 175 | 178 | 269 | 139 |
| 662 | 1,862 | 368 | 811 | 3,661 | 122 |
| 27,883 | 18,993 | 16,235 | 11,112 | 8,086 | 4,504 |
| 27,686 | 22,467 | 18,493 | 13,760 | 8,670 | 2,824 |
| 524,094 | 450,270 | 385,900 | 306,795 | 199,836 | 95,377 |
| 22,167 | 23,055 | — | — | — | — |
| 1,714 | 1,464 | 1,379 | 1,039 | 1,252 | 488 |
| 604,589 | 518,312 | 422,550 | 333,695 | 221,774 | 103,454 |
| 212 | 94 | 111 | 77 | 113 | 88 |
| — | 972 | — | — | — | — |
| — | — | — | — | — | — |
| 78 | 44 | 25 | 12 | 13 | 13 |
| 36,957 | 29,945 | 25,431 | 19,605 | 16,384 | 5,894 |
| 557,492 | 481,337 | 391,971 | 311,173 | 203,034 | 96,653 |
| 594,739 | 512,392 | 417,538 | 330,867 | 219,544 | 102,648 |
| 9,850 | 5,920 | 5,012 | 2,828 | 2,230 | 806 |
| 604,589 | 518,312 | 422,550 | 333,695 | 221,774 | 103,454 |
| 5,164 | 4,637 | 2,596 | 2,120 | 759 | 60 |
| 225 | 205 | 210 | 182 | 174 | 162 |
| 39 | 36 | — | — | — | — |
| 503 | 244 | 7 | 37 | 27 | 47 |
| 2,766 | 1,880 | 1,340 | 973 | 557 | 354 |
| 44,360 | 37,975 | 30,683 | 21,300 | 11,268 | 6,036 |
| 1,666 | 664 | 295 | 232 | 79 | — |
| — | 115 | — | — | — | — |
| — | — | — | — | — | — |
| 54,723 | 45,756 | 35,131 | 24,844 | 12,864 | 6,659 |
| 43 | 40 | 36 | 29 | 26 | 21 |
| 228 | 205 | 179 | 167 | 118 | 89 |
| 42,807 | 38,675 | 29,543 | 21,208 | 10,142 | 5,433 |
| 269 | 211 | 80 | 72 | 33 | 33 |
| 328 | 1,071 | 236 | 213 | 148 | 52 |
| 1,909 | — | 236 | 425 | 198 | 208 |
| 45 | 10 | 41 | 12 | 16 | 17 |
| 45,629 | 40,212 | 30,351 | 22,126 | 10,681 | 5,853 |
| 9,094 | 5,544 | 4,780 | 2,718 | 2,183 | 806 |
| 756 | 376 | 232 | 110 | 47 | — |
| 9,850 | 5,920 | 5,012 | 2,828 | 2,230 | 806 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1983 \$(000) | INTEREST |
|-----------|--|-------------------|-----------------------|---|---------------------------------------|
| 2 | 7 3/4% Serial Debentures due December 1, 1972-1996 | December 1, 1971 | 1,258 | 809 | Semi-annual June 1 December 1 |
| 3 | 7 3/4% Sinking Fund Debentures due March 1, 1992 | March 1, 1972 | 1,675 | 1,675 | Semi-annual March 1 September 1 |
| | 7 3/4% Sinking Fund Debentures due March 1, 1997 | " | 2,575 | 2,575 | " |
| 6 | 8 1/8% Serial Debentures due June 1, 1984-1993 | June 1, 1973 | 8,727 | 8,727 | Semi-annual June 1 December 1 |
| 7 | 9% Instalment Debentures due March 1, 1985-1989 | March 1, 1974 | 887 | 887 | Semi-annual March 1 September 1 |
| | 9% Sinking Fund Debentures due March 1, 1994 | " | 6,462 | 6,462 | " |
| 8 | 8 1/2% Instalment Debentures due April 15, 1981-1984 | April 15, 1974 | 1,764 | 284 | Semi-annual April 15 October 15 |
| 9 | 9% Sinking Fund Debenture due April 16, 1994 | April 16, 1974 | 6,800 | 6,800 | Semi-annual April 16 October 16 |
| 11 | 10 3/8% Instalment Debentures due September 3, 1980-1984 | September 3, 1974 | 2,000 | 400 | Semi-annual March 3 September 3 |
| | 10 3/4% Instalment Debentures due September 3, 1985-1994 | " | 5,000 | 5,000 | " |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|--|--------------|--|-------------------------------|---|
| Coupon — \$1,000 | Non-callable | 1984 — 58 1985 — 62 1986 — 67 1987 — 72 1988 — 77 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 | Non-callable | Annual deposits 1983-1992 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1983-1997 | " | |
| Coupon — \$1,000 | Non-callable | 1984 — 599 1985 — 648 1986 — 701 1987 — 757 1988 — 819 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1985 — 150 1986 — 163 1987 — 177 1988 — 192 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1975-1994 | " | |
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1984 — 284 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | Annual deposits 1975-1994 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$100,000 | Non-callable | 1984 — 400 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | " | 1985 — 500 1986 — 500 1987 — 500 1988 — 500 | " | |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1983 \$(000) | INTEREST |
|-------|--|-------------------|-----------------------|---|---------------------------------------|
| 12 | 9.42% Serial Debentures due January 15, 1976-1984 | January 15, 1975 | 40 | 6 | Semi-annual January 15 July 15 |
| 14 | 9½% Serial Debentures due April 1, 1976-1985 | April 1, 1975 | 535 | 149 | Semi-annual April 1 October 1 |
| 16 | 10¼% Instalment Debentures due September 2, 1984 | September 2, 1975 | 820 | 820 | Semi-annual March 2 September 2 |
| | 10¾% Instalment Debentures due September 2, 1985 | " | 910 | 910 | " |
| | 10¾% Sinking Fund Debentures due September 2, 1995 | " | 5,000 | 5,000 | " |
| 20 | 9¾% Sinking Fund Debentures due June 1, 1997 | June 15, 1977 | 20,000 | 20,000 | Semi-annual June 1 December 1 |
| 21 | 8¾% Serial Debentures due December 1, 1983-1987 | December 1, 1977 | 1,227 | 1,021 | Semi-annual June 1 December 1 |
| | 9¼% Serial Debentures due December 1, 1988-1992 | " | 961 | 961 | " |
| | 9½% Sinking Fund Debentures due December 1, 1997 | " | 33,500 | 33,500 | " |
| | 9½% Sinking Fund Debentures due December 1, 2002 | " | 7,000 | 7,000 | " |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$ (000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--------------|--|-------------------------------|---|
| Fully registered | Non-callable | 1984 — 6 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | 1984 — 71 1985 — 78 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1984 — 820 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | 1985 — 910 | " | |
| Fully registered | " | Annual deposits 1986-1995 | " | |
| Coupon — \$1,000 Coupon — \$5,000 Coupon — \$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1978-1997 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1984 — 224 1985 — 244 1986 — 265 1987 — 288 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | 1988 — 160 | " | |
| Coupon — \$1,000 Coupon — \$5,000 Coupon — \$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | " | Annual deposits 1978-1997 | " | |
| " | " | Annual deposits 1978-2002 | " | |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1983 \$(000) | INTEREST |
|------------|---|-------------------|-----------------------|---|--------------------------------------|
| 23 | 9½% Serial Debentures due November 15, 1984-1988 | November 15, 1978 | 1,150 | 1,150 | Semi-annual May 15 November 15 |
| | 9½% Serial Debentures due November 15, 1989-1993 | " | 890 | 890 | " |
| | 9.95% Sinking Fund Debentures due November 15, 1998 | " | 30,000 | 30,000 | " |
| A23 | 9.95% Sinking Fund Debentures due November 15, 1998 | November 15, 1978 | 6,735 | 6,735 | Semi-annual May 15 November 15 |
| | 10% Sinking Fund Debentures due November 15, 2003 | " | 3,265 | 3,265 | " |
| 25 | 12½% Sinking Fund Debentures due December 6, 1999 | December 6, 1979 | 54,100 | 49,425 | Semi-annual June 6 December 6 |
| 26 | 12¼% Sinking Fund Debentures due December 6, 2004 | December 6, 1979 | 11,133 | 11,133 | Semi-annual June 6 December 6 |
| 27 | 11¾% Instalment Debentures due June 2, 1981-1986 | June 2, 1980 | 62,705 | 56,355 | Semi-annual June 2 December 2 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--|--|-------------------------------|---|
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1984 — 190 1985 — 208 1986 — 228 1987 — 250 1988 — 274 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | " | " | |
| Coupon — \$1,000 Coupon — \$5,000 Coupon — \$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | " | Annual deposits 1979-1998 | " | |
| Fully registered \$1,000 and multiples thereof | Non-callable | Annual deposits 1979 -1998 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1979-2003 | " | |
| Coupon —\$1,000 Coupon — \$5,000 Coupon — \$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after Dec. 6, 1994. Callable also for sinking fund purposes | 1984 — 1,300 1985 — 1,500 1986 — 1,700 1987 — 1,900 1988 — 2,100 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered \$1,000 and multiples thereof | Callable at par on or after Dec. 6, 1997 | Annual deposits 1980-2004 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered \$1,000 and multiples thereof | Callable annually June 2, 1984 — 102.50% June 2, 1985 — 101.75% | 1984 — 2,615 1985 — 2,915 1986 — 50,825 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1983 \$(000) | INTEREST |
|-----------|--|-------------------|-----------------------|---|---------------------------------------|
| 29 | 13½% Bonds due April 29, 1986 | April 29, 1981 | 95,000 | 95,000 | Semi-annual April 29 October 29 |
| 31 | 16¾% Debentures due June 30, 1987 | September 1, 1982 | 102,600 | 102,600 | Semi-annual June 30 December 31 |
| 32 | 13½% Bonds due October 27, 1988 | October 27, 1982 | 100,000 | 100,000 | Semi-annual April 27 October 27 |
| 33 | 12¾% Sinking Fund Debentures due June 15, 2003 | June 15, 1983 | 63,300 | 63,300 | Semi-annual June 15 December 15 |
| 34 | 12% Bonds due November 22, 1993 | December 15, 1983 | 58,000 | 58,000 | Semi-annual May 22 November 22 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--|---|--|---|
| Coupon — \$1,000 Coupon — \$25,000 Coupon — \$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | Exchangeable at holder's option for Bonds due April 29, 2001 with interest at 14% from April 29, 1986. Right may be exercised after April 29, 1985 and prior to October 29, 1985 | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Coupon — \$25,000 Coupon — \$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Coupon — \$25,000 Coupon — \$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Coupon — \$25,000 Coupon — \$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes | Sinking fund will begin in 1994 | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon — \$1,000 Coupon — \$25,000 Coupon — \$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 714 - 880 Douglas St. Victoria, B.C. V8W 2B7 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Europe

| ISSUE | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1983 \$(000) | INTEREST |
|-------|-------------------------------------|---------------|-----------------------|---|-------------------|
| 20 | 9% Bonds due June 1, 1985/1997 | June 1, 1977 | 25,000 | 25,000 | Annual June 1 |
| 24 | 10½% Bonds due May 15, 1989/1999 | May 15, 1979 | 24,000 | 24,000 | Annual May 15 |
| 33 | 11¾% Bonds due June 15, 1993 | June 15, 1983 | 25,000 | 24,210 | Annual June 15 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in Europe

| ISSUE | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1983 U.S. \$(000) | INTEREST |
|-------|---|------------------|----------------------------|--|---|
| 30 | Retractable Bonds due October 28, 1985/1997 | October 28, 1981 | 54,000 | 54,000 | Annual October 28 Rate 17% until October 1985. Rate will be reset from October 28, 1985, 1989 and 1993 |

| DENOMINATIONS | CALL | SINKING FUND NEXT 5 YEARS \$(000) | RETRACTION | PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING |
|--|---|--|--|--|
| Coupon — \$1,000 | Non-callable except upon imposition of withholding taxes | None | Retractable at par at option of holder on June 1, 1985, 1988, 1991 or 1994. Right may be exercised no more than 360 or less than 90 days prior to June 1 | Kredietbank S.A. Luxembourggeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg |
| Coupon — \$1,000 | Callable on May 15, 1984 and annually thereafter until May 15, 1994 at 101%, from May 15, 1995 at 100.50% | None | Retractable at par at option of holder on May 15, 1989 or 1994. Right may be exercised no more than 360 or less than 90 days prior to May 15 | Kredietbank S.A. Luxembourggeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg |
| Coupon — \$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes | 1984 — 1,490 1985 — 1,679 1986 — 1,871 1987 — 2,087 1988 — 2,327 | N/A | Kredietbank S.A. Luxembourggeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg |

| DENOMINATIONS | CALL | SINKING FUND NEXT 5 YEARS U.S. \$(000) | RETRACTION | PRINCIPAL PAYING AGENT/TRUSTEE/ STOCK EXCHANGE LISTING |
|--------------------------|--|--|--|--|
| Coupon — U.S. \$1,000 | Callable at par on October 28, 1985, 1989, or 1993 | None | Retractable at par at option of holder on October 28, 1985, 1989 or 1993. Right may be exercised irrevocably not more than 60 days or less than 30 days prior to Oct. 28 | Kredietbank S.A. Luxembourggeoise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

| ISSUE | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1983 U.S. \$(000) | INTEREST |
|-------|---|------------------|----------------------------|--|--------------------------------------|
| 1 | 8 3/8% Sinking Fund Debentures due October 1, 1996 | October 1, 1971 | 20,000 | 12,710 | Semi-annual April 1 October 1 |
| 12 | 9 3/4% Sinking Fund Debentures due January 15, 2000 | January 15, 1975 | 34,500 | 21,038 | Semi-annual January 15 July 15 |
| 17 | 9 7/8% Sinking Fund Debentures due November 1, 2000 | November 1, 1975 | 37,000 | 27,205 | Semi-annual May 1 November 1 |
| 18 | 8 7/8% Sinking Fund Debentures due May 1, 2001 | May 1, 1976 | 52,500 | 36,414 | Semi-annual May 1 November 1 |

| DENOMINATIONS | CALL | SINKING FUND NEXT 5 YEARS U.S. \$000) | AUTHENTICATING AND PAYING AGENT |
|--|---|--|--|
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes | 1984 — 908 1985 — 984 1986 — 1,066 1987 — 1,149 1988 — 1,246 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes prior to Jan. 15, 1990. To Jan. 15, 1993 — 103.50% To Jan. 15, 1996 — 102.25% To Jan. 15, 1999 — 101% | 1984 — 2,552 1985 — 2,620 1986 — 1,550 1987 — 1,376 1988 — 1,509 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes prior to Nov. 1, 1990. To Nov. 1, 1993 — 103.25% To Nov. 1, 1996 — 101.75% To Nov. 1, 1998 — 100.75% | 1984 — 1,552 1985 — 1,583 1986 — 1,552 1987 — 1,705 1988 — 1,873 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes prior to May 1, 1991. To May 1, 1994 — 102.75% To May 1, 1997 — 101.50% To May 1, 1999 — 100.75% | 1984 — 2,080 1985 — 2,265 1986 — 2,461 1987 — 2,122 1988 — 2,310 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

| ISSUE | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1983 U.S. \$(000) | INTEREST |
|-----------|--|------------------|----------------------------|--|---------------------------------------|
| 19 | 8 3/4% Sinking Fund Debentures due October 15, 2001 | October 15, 1976 | 50,000 | 38,137 | Semi-annual April 15 October 15 |
| | 8.2% Sinking Fund Debentures due October 15, 1986 | " | 10,000 | 6,594 | " |
| 22 | 9 1/4% Sinking Fund Debentures due June 1, 1998 | June 1, 1978 | 29,363 | 26,166 | Semi-annual June 1 December 1 |
| | 9 5/8% Sinking Fund Debentures due June 1, 2003 | " | 4,737 | 4,419 | " |
| 28 | 13 3/4% Sinking Fund Debentures due December 1, 2005 | December 1, 1980 | 90,000 | 86,200 | Semi-annual June 1 December 1 |

| DENOMINATIONS | CALL | SINKING FUND NEXT 5 YEARS U.S. \$(000) | AUTHENTICATING AND PAYING AGENT |
|--|--|--|--|
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes prior to Oct. 15, 1991. To Oct. 15, 1994 — 102.75% To Oct. 15, 1997 — 101.625% To Oct. 15, 1999 — 100.625% | 1984 — 307 1985 — 211 1986 — 114 1987 — 2,578 1988 — 2,801 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| " | Non-callable except for sinking fund purposes | 1984 — 2,050 1985 — 2,350 1986 — 2,194 | |
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes. Optional redemption — Tenders may be called from all holders | 1984 — 827 1985 — 904 1986 — 987 1987 — 1,078 1988 — 1,178 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| " | " | 1984 — 82 1985 — 91 1986 — 99 1987 — 108 1988 — 118 | |
| Fully registered U.S. \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004 | 1984 — 1,632 1985 — 1,857 1986 — 2,054 1987 — 2,337 1988 — 2,660 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |

Notes
