

1987 ANNUAL REPORT

Municipal Finance Authority of British Columbia

Municipal Finance Authority of British Columbia

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

Annual Report

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FRONT COVER

Fall Scene, East Kootenay Regional District *Courtesy Province of B.C.*

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Hudson Bay Mountain, Bulkley-Nechako Regional District *Courtesy Province of B.C.*

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Financial Highlights

MILLIONS OF DOLLARS

| | 1987 | 1986 |
|---|-----------|-----------|
| AT DECEMBER 31: | | |
| Total assets—combined funds | 1,357 | 1,371 |
| Loans to Regional Districts outstanding | 1,124 | 1,128 |
| Long-term debt outstanding | 1,202 | 1,220 |
| Sinking funds | <u>81</u> | <u>67</u> |
| Long-term debt, net | 1,121 | 1,153 |
| Debt Reserve Fund | 125 | 115 |
| Investments (including sinking funds) | 217 | 205 |
| IN THE YEARS ENDED DECEMBER 31: | | |
| New loans to Regional Districts | 42 | 49 |
| Loan repayments from Regional Districts | 46 | 44 |
| New debt issued | 163 | 97 |
| Debt retired | 181 | 68 |
| Interest from investments | 22 | 20 |
| Interest paid | 137 | 140 |

Members and Officers — 1987

| MEMBER | REGIONAL DISTRICT |
|-------------------|---|
| H. Anderson | <i>Alberni-Clayoquot Regional District</i> |
| G. E. McFee | <i>Bulkley-Nechako Regional District</i> |
| H. F. Sturrock | <i>Capital Regional District</i> |
| N. L. Sealey | <i>Capital Regional District</i> |
| R. Crosina | <i>Cariboo Regional District</i> |
| B. Roe | <i>Central Coast Regional District</i> |
| L. C. Fowler | <i>Central Fraser Valley Regional District</i> |
| G. B. Cady | <i>Central Kootenay Regional District</i> |
| J. H. Stuart | <i>Central Okanagan Regional District</i> |
| G. Abbott | <i>Columbia-Shuswap Regional District</i> |
| K. A. Hudson | <i>Comox-Strathcona Regional District</i> |
| M. Robertson | <i>Cowichan Valley Regional District</i> |
| D. R. Sharpe | <i>Dewdney-Alouette Regional District</i> |
| H. Tapp | <i>East Kootenay Regional District</i> |
| L. Forman | <i>Fraser-Cheam Regional District</i> |
| A. Stauble | <i>Fraser-Fort George Regional District</i> |
| D. A. Ross | <i>Greater Vancouver Regional District</i> |
| D. T. Driscoll | <i>Greater Vancouver Regional District</i> |
| J. E. Loucks | <i>Greater Vancouver Regional District</i> |
| D. A. S. Lanskail | <i>Greater Vancouver Regional District</i> |
| E. Burnett | <i>Greater Vancouver Regional District</i> |
| G. J. Blair | <i>Greater Vancouver Regional District</i> |
| J. Talstra | <i>Kitimat-Stikine Regional District</i> |
| B. Brash | <i>Kootenay Boundary Regional District</i> |
| G. Popovich | <i>Mount Waddington Regional District</i> |
| M. Jiggins | <i>Nanaimo Regional District</i> |
| E. Shipmaker | <i>North Okanagan Regional District</i> |
| D. R. McDougall | <i>Okanagan-Similkameen Regional District</i> |
| R. Petrick | <i>Peace River-Liard Regional District</i> |
| H. Gruber | <i>Powell River Regional District</i> |
| P. J. Lester | <i>Skeena-Queen Charlotte Regional District</i> |
| R. D. Cumming | <i>Squamish-Lillooet Regional District</i> |
| J. Gurney | <i>Sunshine Coast Regional District</i> |
| J. B. Smith | <i>Thompson-Nicola Regional District</i> |

BOARD OF TRUSTEES

J. H. Stuart, CHAIRMAN
 R. D. Cumming
 J. E. Loucks
 G. E. McFee
 D. A. Ross
 A. Stauble
 H. F. Sturrock

OFFICERS

CHAIRMAN:
 J. H. Stuart
 ACTING CHAIRMAN:
 R.D. Cumming
 SECRETARY-TREASURER:
 J. R. Craven
 DEPUTY SECRETARY-TREASURER:
 W. C. Greer

AUDITORS

PEAT MARWICK
 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—1987

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA



PHOTO: GLEN ROBINSON

James H. Stuart
CHAIRMAN

It is my pleasure and privilege to submit the seventeenth annual report of the Municipal Finance Authority of British Columbia.

Borrowing in the year 1987 was conducted in a highly charged uncertain atmosphere. Rates eased through March; took an erratic upward course until October 19th, fell abruptly after the stock market crash; and seem to be strengthening again. There were occasional windows of opportunity, but generally the atmosphere was characterized by an over-

riding fear that the long post-recession recovery of the 1980's was finally running out of steam. This seemed to be hotly denied by the performance of the stock market which continued making strides in value throughout the year until mid-October when uncertainty gave way to conviction that the time had come to sell.

World markets reacted swiftly to the failure of the U.S. government to reach some accord over the size of their deficit and over the failure of the Gramm-

Rudman Bill to actually make a difference. Investors seriously questioned the value of their U.S. dollar denominated investments and panic set in. The work done over the years to connect world markets in a network of intelligence; to gather information world wide in a system of computer-operated strategies, screens and highly trained staff provided all of the fuel needed to generate a computer operated selling frenzy. The stock markets of the world lost major values as shown:

The Change from October 16th to October 28th—

| STOCK MARKETS | INTEREST RATES (10 YR. GOVT. BONDS) |
|---------------|--|
| Tokyo | -14% |
| London | -29% |
| Frankfurt | -20% |
| Paris | -25% |
| | Japan 6.4%-5.7% |
| | Britain 10.5%-9.5% |
| | West Germany 7.2%-6.7% |
| | France 11.0%-10.2% |

In the United States and Canada, over the same period the following occurred:

| STOCK MARKET | INTEREST RATE (10 YEAR GOVT. BONDS) |
|--------------|--|
| S & P 500 | -22% |
| T.S.E. | -21% |
| | United States 10.41%-8.93% |
| | Canada 11.18%-9.75% |

Such declines mean an increase in the value of the MFA investment portfolios and the possibility of lower interest rates in 1988, but the results of the rapid loss in perceived stock value also impacts on future capital expenditure in British Columbia. It has already caused the delay of the Port Alberni Pulp Mill expansion.

Immediately after the stock market crash, some dire predictions were made, but perhaps early fears of an immediate recession were overdone. As of late December, buoyant economic indicators in Canada and the United States persist. Agreement on the U.S. deficit, a lower price for oil, and reasonable consumer confidence could bode well for the year 1988.

Enthusiastic support to our short-term investment pool has set the stage for draft legislation which we hope will be passed by the spring of 1988. The reserves and surplus funds of participating municipalities can then be pooled under the administration of a single manager. The authority intends to contract out this function. It will be a separate part of our operation and will not impinge on our present excellent credit rating.

Our remaining U.S. pay debt is slowly reaching maturity, and lately the Canadian/U.S. dollar ratio has been improving. Since 1985, we have seen a rise of the Canadian dollar and this has improved the cost of our U.S. pay loans.

Our present debt is 77.34% in Canadian funds; 22.17% in U.S. funds; Swiss Francs 0.38%, and Deutschemarks 0.11%. This compares favourably with 10 years ago when the percentages read as follows: 46.10% in Canadian funds; 49.63% in U.S. funds; 3.30% in Swiss Francs; and 0.97% in Deutschemarks.

Several new factors emerged this year which could change financial relationships over time. It remains to be seen what effects, if any, are felt during 1988 as a result of trade negotiations. The blurring of the relationships between banks and investment dealers that occurred in 1987 will have its effect. Most major Canadian firms are negotiating some type of merger or sale to a major bank in Canada or the United States. The new relationships and larger capitalizations will affect the way we do business in the coming year.

At the close of 1987, long-term debt outstanding was \$1.2 billion. During 1987 payments of principal and interest in excess of \$190 million were received from our regional districts and municipalities. At December 31, 1987, investments managed totalled \$217 million, broken down as follows:

Debt Reserve Fund \$39.1 million.

Sinking and Related Debt Servicing Funds \$177.9 million.

Interest earnings in 1987 totalled \$21.9 million.

The types of investments which may be held by the Municipal Finance Authority are regulated by our act. At December 31, 1987 our portfolio consisted of \$45.2 million of securities of/or guaranteed by the government of Canada, \$56.5 million of securities of/or guaranteed by provincial governments, \$68.9 million of securities of/or guaranteed by Canadian chartered banks, \$1.3 million of securities of B.C. credit unions, \$6.3 million of securities of municipal governments in Canada and \$38.8 million of obligations of the Municipal Finance Authority.

Your trustees were active in the bond markets on three occasions in 1987. Early in March the board called Euro-Canadian issue No. 24—\$24 million 10.25% bond and replaced the issue with a 7 year \$14 million serial debenture. Interest rates on the old issue ranged from 10.25% for the 10 year term to 10.725% for the 25 year term. The replacement issue was charged to the members at 9% for the 10 year term to 9.375% for the 25 year term.

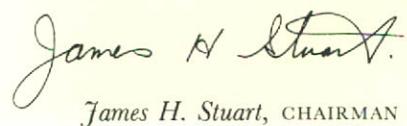
Our spring financing requests totalled \$24 million and your trustees decided to combine these requirements with \$87 million in refundings which involved issues numbers 10, 15 and 31. On June 12th, a \$111 million dollar issue consisting of \$21 million of 5 year serial debentures together with \$90 million of 10 year debentures was launched. Relending rates to member municipalities ranged from 9.30% for the 5 years to 10.25% for the 25 year term. The rates were welcomed by the treasurers of the municipalities who were paying 15.125% for the previous financing.

Our fall issue combined \$18.6 million of new requests with a refunding of our Swiss Franc bank loan. On October 1st, we launched a new issue of \$33 million 5 year bonds at 11.25%.

We visited New York this year to present our financing statements to the rating agencies—Moody's Investor Services, and Standard & Poor's Corporation. We were pleased when we received confirmation of our credit rating again this year. The Triple A from Moody's and the Double A+ from Standard & Poor's puts us in a higher rating level than any of the Canadian provinces other than the province of Ontario (which has an identical rating to the MFA).

Many opportunities have come up this year to serve municipalities either over the telephone or on-site, and we certainly appreciate the relationship of trust that has developed over the years. We also continue to enjoy the co-operative and helpful actions of the Ministry of Municipal Affairs and the Ministry of Finance. Many creative joint projects have been initiated in this cordial atmosphere.

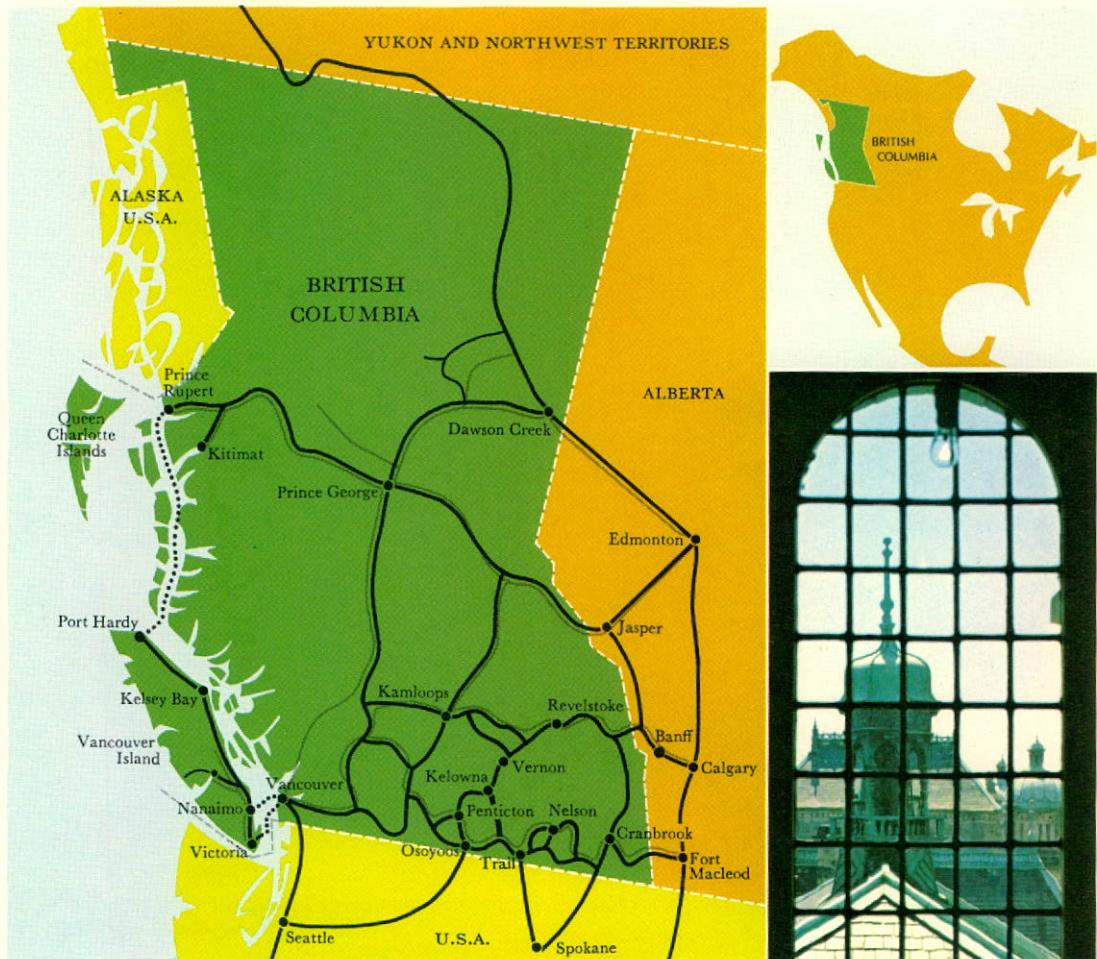
In closing, I would like to draw to your attention the departure of Don Ross from our board of trustees. Don has served as a trustee for seven years, many of those as Vice-Chairman of the board and has made a substantial contribution to the Authority. We all wish him well in his future endeavours. I would also like to thank the other members of the board of trustees and the staff of the Authority for their energy and creativity. It has been a great pleasure to serve as your chairman during 1987.



James H. Stuart, CHAIRMAN



Fall colours, Okanagan Lake, Central Okanagan Regional District *Courtesy Province of 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 securities 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 established in 1970 by the Municipal Finance Authority of British Columbia Act, Chapter 292, Revised Statutes of British Columbia, 1979.

Regional districts and municipalities in British Columbia finance through the Authority all long-term capital requirements except those met by senior levels of government.

The City of Vancouver is the only municipality in the Province which retains the right to issue its own securities to finance capital projects. Taxable land and improvements within the City of Vancouver are, nevertheless, subject to rates levied by the Municipal Finance Authority.

Representation

The Province of British Columbia is divided into twenty-nine regional districts, each of which is governed by a Regional Board consisting of representatives of its member municipalities and unincorporated areas.

The members of the Municipal Finance Authority are appointed by the Regional Boards; the number of members to which a regional district is entitled is based upon its population.

The executive and administrative powers and duties of the Authority are exercised and performed by a Board of Trustees consisting of the Chairman of the Authority and six other members, elected annually. The Capital Regional District and the Greater Vancouver Regional District must be represented on the Board of Trustees.

Funding

When the municipalities, through the regional districts, and the regional districts on their own behalf, wish to finance their capital projects, they present their approved requests to the Municipal Finance Authority.

Taking into account market and economic conditions pertaining, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, not exceeding the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Board of Trustees may determine. Under the Act, the Authority has power to provide for the creation, management and application of sinking funds or other means of securing the repayment of securities issued by the Authority, including the redemption by call of securities issued subject to redemption in advance of maturity.

A separate account is maintained for each sinking fund security issue and moneys at the credit of a sinking fund which cannot be immediately applied toward paying the debt or discharging the obligation may be invested in:

- (a) securities of the government of Canada or a province of Canada, or
- (b) securities, the principal and interest of which are guaranteed by the government of Canada or a province of Canada, or
- (c) securities of a municipality or regional district in British Columbia, or of a local, municipal or regional government in another province of Canada, maturing not later than the securities for which the sinking fund was created, or

- (d) investments guaranteed by a Canadian chartered bank, or
- (e) deposits in, or shares or other evidences of indebtedness of, a credit union incorporated under the British Columbia Credit Union Act, or
- (f) securities of the Municipal Finance Authority of British Columbia maturing not later than the securities for which the sinking fund was created; however, securities so purchased shall be held to the credit of the sinking fund account and shall not 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 each regional district sharing in the proceeds of a security issue having a term to maturity of over two years must contribute an amount equal to one-half the average annual instalment of principal and interest for repayment of the issue; such amount is payable to the Authority at the time of issue either in full or in an amount equal to one percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the regional district issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, are obligations of the Authority to the regional districts and must be refunded to them when the final instalments of their loans have been repaid.

If, at any time, the Authority lacks sufficient funds to meet principal, interest or sinking fund payments due on its obligations, it must utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments are made from the debt reserve fund, the Authority will recover such payments from the regional districts involved in order to restore the debt reserve fund. If the Trustees are of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, they may levy upon all taxable land and improvements in the Province a tax sufficient to restore the fund to its required amount. It is mandatory for the Trustees to levy such a tax when the balance in the debt reserve fund is less than fifty percent of the required amount. The Trustees' power to impose taxes does not require the permission or approval of any other governmental authority. Pending the receipt of such taxes, the Authority may borrow an equivalent amount to meet its obligations.

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

Moneys in the debt reserve fund may be invested in:

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

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

**Additional
Protection for Investors**

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

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

Schedule of Loans to Regional Districts

OUTSTANDING AT DECEMBER 31, 1987
THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)

| | Principal Outstanding Dec. 31, 1986 | 1987 | | Principal Outstanding Dec. 31, 1987 | Per Capita |
|--------------------------------|---|---------------------|---------------------|---|---------------|
| | | New Loans Issued | Principal Repaid | | |
| REGIONAL DISTRICTS | | | | | |
| Alberni-Clayoquot | \$ 8,184 | — | 555 | 7,629 | 251 |
| Bulkley-Nechako | 14,636 | — | 554 | 14,082 | 376 |
| Capital | 89,763 | 7,172 | 3,499 | 93,436 | 352 |
| Cariboo | 31,716 | 2,350 | 1,155 | 32,911 | 544 |
| Central Coast | — | — | — | — | — |
| Central Fraser Valley | 68,140 | 735 | 2,351 | 66,524 | 486 |
| Central Kootenay | 17,030 | — | 713 | 16,317 | 332 |
| Central Okanagan | 41,639 | 4,013 | 1,586 | 44,066 | 491 |
| Columbia-Shuswap | 17,855 | 2,275 | 758 | 19,372 | 483 |
| Comox-Strathcona | 48,907 | 2,610 | 1,722 | 49,795 | 700 |
| Cowichan Valley | 23,228 | 988 | 948 | 23,268 | 443 |
| Dewdney-Alouette | 47,534 | 463 | 1,377 | 46,620 | 671 |
| East Kootenay | 64,660 | 150 | 2,189 | 62,621 | 1,179 |
| Fraser-Cheam | 14,425 | 1,880 | 612 | 15,693 | 271 |
| Fraser-Fort George | 59,858 | 892 | 2,421 | 58,329 | 653 |
| Greater Vancouver | 206,587 | 5,781 | 10,389 | 201,979 | 159 |
| Kitimat-Stikine | 16,757 | 1,181 | 759 | 17,179 | 435 |
| Kootenay Boundary | 11,428 | 620 | 418 | 11,630 | 383 |
| Mount Waddington | 5,815 | 70 | 253 | 5,632 | 377 |
| Nanaimo | 61,712 | 1,180 | 2,297 | 60,595 | 737 |
| North Okanagan | 25,245 | 2,705 | 1,006 | 26,944 | 489 |
| Okanagan-Similkameen | 24,231 | 808 | 1,033 | 24,006 | 406 |
| Peace River-Liard | 83,250 | 583 | 3,653 | 80,180 | 1,400 |
| Powell River | 6,199 | 100 | 309 | 5,990 | 326 |
| Skeena-Queen Charlotte | 21,168 | 3,000 | 908 | 23,260 | 1,009 |
| Squamish-Lillooet | 16,589 | 1,831 | 504 | 17,916 | 907 |
| Sunshine Coast | 7,615 | 400 | 299 | 7,716 | 460 |
| Thompson-Nicola | 68,094 | 859 | 2,899 | 66,054 | 671 |
| OTHER | | | | | |
| District of Campbell River | 3,247 | — | 97 | 3,150 | 185 |
| Greater Nanaimo Water District | 22,150 | — | 543 | 21,607 | 298 |
| | <u>\$ 1,127,662</u> | <u>42,646</u> | <u>45,807</u> | <u>1,124,501</u> | <u>389</u> |

The Growth and Stability of British Columbia's Regional Districts and Municipalities therein

ASSESSMENT

The British Columbia Assessment Authority, a provincially-appointed body, is responsible for assessment 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 1982 to 1987 were as follows:

| | | | |
|------|------------------|------|------------------|
| 1982 | \$ 157.1 billion | 1985 | \$ 145.7 billion |
| 1983 | \$ 138.3 billion | 1986 | \$ 147.7 billion |
| 1984 | \$ 140.8 billion | 1987 | \$ 137.5 billion |

Property is segregated by type or use into property classes prescribed by the Lieutenant Governor in Council.

The value subject to taxation after applicable exemptions is referred to as the net taxable value.

A variable tax rate system was introduced in 1984 which transferred the variability factor from the assessed value to the taxation process controlled by each taxing authority. Municipal and other taxing authorities now set tax rates for each class of property to produce the level of taxation desired.

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 1982 through 1986:

Tax Levies and Collections by the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

| | 1986 | 1985 | 1984 | 1983 | 1982 |
|---|---------|---------|---------|--------|--------|
| Current tax levy | 1,805 | 1,765 | 1,748 | 1,685 | 1,661 |
| Arrears | 135 | 152 | 157 | 146 | 77 |
| Total taxes | 1,940 | 1,917 | 1,905 | 1,831 | 1,738 |
| Current taxes collected | 1,725 | 1,681 | 1,654 | 1,586 | 1,553 |
| Current collections as per cent of current tax levy | 95.57% | 95.24% | 94.62% | 94.12% | 93.50% |
| Arrears collected | 96 | 108 | 107 | 93 | 49 |
| Total collections as per cent of current tax levy | 100.88% | 101.36% | 100.74% | 99.64% | 96.45% |

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS

Revenues and Expenditures of the Regional Districts and Municipalities therein

MILLIONS OF DOLLARS

| | 1986 | 1985 | 1984 | 1983 | 1982 |
|---|-------|-------|-------|-------|-------|
| REVENUES: | | | | | |
| Real property taxes | 879 | 816 | 759 | 710 | 683 |
| Other taxes | 80 | 82 | 93 | 107 | 111 |
| Total taxation | 959 | 898 | 852 | 817 | 794 |
| Contributions, grants and subsidies: | | | | | |
| Federal | 24 | 26 | 24 | 23 | 21 |
| Provincial | 288 | 266 | 265 | 278 | 244 |
| Taxes collected for school authorities | 779 | 819 | 857 | 852 | 862 |
| Other revenues—general | 437 | 407 | 390 | 366 | 369 |
| Other revenues—sewers | 56 | 52 | 49 | 43 | 41 |
| Other revenues—utilities | 139 | 133 | 126 | 131 | 109 |
| | 2,682 | 2,601 | 2,563 | 2,510 | 2,440 |
| Transfers from reserves | 65 | 57 | 57 | 50 | 70 |
| Transfers from surpluses of prior years | 25 | 33 | 30 | 23 | 34 |
| | 2,772 | 2,691 | 2,650 | 2,583 | 2,544 |
| EXPENDITURES: | | | | | |
| General government | 205 | 202 | 189 | 181 | 178 |
| Fire and police | 370 | 357 | 341 | 327 | 311 |
| Public works and sanitation | 261 | 247 | 231 | 226 | 237 |
| Public health | 47 | 45 | 43 | 38 | 38 |
| Social welfare | 3 | 2 | 3 | 2 | 11 |
| Recreation and community services | 246 | 227 | 213 | 204 | 205 |
| Debt charges | 310 | 297 | 275 | 252 | 224 |
| Taxes transmitted to school authorities | 779 | 819 | 857 | 857 | 862 |
| Other expenditures—general | 178 | 165 | 170 | 132 | 132 |
| Other expenditures—sewers | 40 | 37 | 33 | 32 | 32 |
| Other expenditures—utilities | 90 | 90 | 83 | 116 | 78 |
| Contributions to capital—general | 78 | 77 | 75 | 79 | 96 |
| Contributions to capital—sewers | 7 | 5 | 3 | 4 | 4 |
| Contributions to capital—utilities | 15 | 13 | 11 | 10 | 13 |
| | 2,629 | 2,583 | 2,527 | 2,460 | 2,421 |
| Transfers to reserves | 96 | 84 | 91 | 85 | 89 |
| Operating surplus | 47 | 24 | 32 | 38 | 34 |
| | 2,772 | 2,691 | 2,650 | 2,583 | 2,544 |

SOURCE: MINISTRY OF MUNICIPAL AFFAIRS



Mount Huber, Yoho National Park, Columbia-Shuswap Regional District *Courtesy Province of B.C.*

Auditors' Report—1987

TO THE MEMBERS OF THE MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

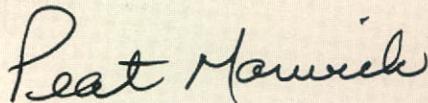
KPMG Peat Marwick

Chartered Accountants

2400-1055 West Georgia Street Telephone (604) 662-5500
P.O. Box 11150, Royal Centre Telex 0454218 VERITATEM VCR
Vancouver, B.C. V6E 3P3 Telefax (604) 662-5576

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, 1987, the statements of revenue, expenditure and surplus and changes in financial position of each of these funds, the combined statements of revenue, expenditure and surplus and changes in financial position of these funds 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, 1987, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



CHARTERED ACCOUNTANTS

*Vancouver, British Columbia, Canada
January 29, 1988*

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Balance Sheets

DECEMBER 31, 1987—WITH COMPARATIVE FIGURES FOR 1986
THOUSANDS OF DOLLARS

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|------------|------------------|------------------|
| | 1987 | 1986 | 1987 | 1986 |
| ASSETS | | | | |
| Cash | \$ 247 | 260 | 637 | 1,844 |
| Receivables: | | | | |
| Due from Operating Fund | — | — | — | — |
| Due from Capital Repayment Equalization Fund | — | — | 32,812 | 43,480 |
| Accrued interest | — | 2 | — | — |
| Other | 16 | 19 | — | — |
| Total receivables | 16 | 21 | 32,812 | 43,480 |
| Investments (Note 2) | — | — | — | — |
| Demand notes receivable from Regional Districts, without interest | — | — | — | — |
| Loans to Regional Districts (Note 3) | — | — | 1,124,501 | 1,127,662 |
| Deferred receivables from Regional Districts (Note 4) | — | — | 2,183 | 14,122 |
| Unamortized issue and refunding costs | — | — | 3,918 | 3,099 |
| | <u>\$ 263</u> | <u>281</u> | <u>1,164,051</u> | <u>1,190,207</u> |
| LIABILITIES AND SURPLUS | | | | |
| Liabilities: | | | | |
| Accounts payable and unpresented matured debt | \$ 45 | 61 | 640 | 1,844 |
| Due to Debt Fund | — | — | — | — |
| Due to Market Development Fund | 45 | 53 | — | — |
| Due to sinking and other funds (Note 5) | — | — | 3,200 | 3,993 |
| Due to Regional Districts (Note 6) | — | — | — | — |
| Reserves for information systems enhancement | 102 | 115 | — | — |
| Long-term debt, net (Notes 7, 8 and 9) (Schedule) | — | — | 1,120,800 | 1,152,767 |
| Total liabilities | 192 | 229 | 1,124,640 | 1,158,604 |
| Surplus, per accompanying statement (Note 10) | 71 | 52 | 39,411 | 31,603 |
| Commitments (Note 11) | — | — | — | — |
| | <u>\$ 263</u> | <u>281</u> | <u>1,164,051</u> | <u>1,190,207</u> |

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|----------------|-------------------|----------------|----------------------------|-----------|------------------|------------------|
| 1987 | 1986 | 1987 | 1986 | 1987 | 1986 | 1987 | 1986 |
| 1,207 | 468 | 295 | 309 | — | — | 2,386 | 2,881 |
| — | — | — | — | 45 | 53 | — | — |
| — | — | — | — | — | — | — | — |
| 619 | 1,100 | 641 | 647 | — | — | 1,260 | 1,749 |
| — | — | — | — | — | — | 16 | 19 |
| 619 | 1,100 | 641 | 647 | 45 | 53 | 1,276 | 1,768 |
| 98,382 | 107,363 | 39,135 | 31,811 | — | — | 137,517 | 139,174 |
| — | — | 85,140 | 82,611 | — | — | 85,140 | 82,611 |
| — | — | — | — | — | — | 1,124,501 | 1,127,662 |
| — | — | — | — | — | — | 2,183 | 14,122 |
| — | — | — | — | — | — | 3,918 | 3,099 |
| <u>100,208</u> | <u>108,931</u> | <u>125,211</u> | <u>115,378</u> | <u>45</u> | <u>53</u> | <u>1,356,921</u> | <u>1,371,317</u> |
| — | — | 5 | 40 | — | — | 690 | 1,945 |
| 32,812 | 43,480 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 3,200 | 3,993 |
| — | — | 125,206 | 115,338 | — | — | 125,206 | 115,338 |
| — | — | — | — | — | — | 102 | 115 |
| — | — | — | — | — | — | 1,120,800 | 1,152,767 |
| 32,812 | 43,480 | 125,211 | 115,378 | — | — | 1,249,998 | 1,274,158 |
| 67,396 | 65,451 | — | — | 45 | 53 | 106,923 | 97,159 |
| <u>100,208</u> | <u>108,931</u> | <u>125,211</u> | <u>115,378</u> | <u>45</u> | <u>53</u> | <u>1,356,921</u> | <u>1,371,317</u> |



O. Craven
SECRETARY-TREASURER

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Revenue, Expenditure and SurplusYEAR ENDED DECEMBER 31, 1987—WITH COMPARATIVE FIGURES FOR 1986
THOUSANDS OF DOLLARS

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|------------|----------------|-----------------|
| | 1987 | 1986 | 1987 | 1986 |
| REVENUE | | | | |
| Prior year's surplus appropriated | \$ 52 | 1 | — | — |
| Operating levy | 253 | 360 | — | — |
| Recoveries from new issues | 87 | 86 | — | — |
| Management fees | 206 | 169 | — | — |
| Gain on purchases of own debentures | — | — | 320 | 19 |
| Interest from investments | 12 | 8 | 7,556 | 6,358 |
| Interest from loans to Regional Districts | — | — | 3,499 | 3,578 |
| Principal from loans to Regional Districts | — | — | — | — |
| Recovery of deficiencies from Regional Districts | — | — | — | — |
| Transfers from Operating Fund | — | — | — | — |
| Transfers from Capital Repayment Equalization Fund | — | — | 150,825 | 135,271 |
| Transfers from Debt Reserve Fund | — | — | 1,935 | 1,819 |
| Other | — | — | — | — |
| Total revenue | <u>610</u> | <u>624</u> | <u>164,135</u> | <u>147,045</u> |
| EXPENDITURE | | | | |
| Legislative | 48 | 47 | — | — |
| Administrative | 466 | 477 | — | — |
| Transfers to Debt Fund — capital | — | — | — | — |
| Transfers to Debt Fund — revenue | — | — | — | — |
| Transfers to Market Development Fund | 25 | 48 | — | — |
| Interest | — | — | 137,521 | 140,009 |
| Amortization of issue and refunding costs | — | — | 540 | 353 |
| Management fees | — | — | 69 | 57 |
| Allocations to Regional Districts | — | — | — | — |
| Other | — | — | <u>18,197</u> | <u>306</u> |
| Total expenditure | <u>539</u> | <u>572</u> | <u>156,327</u> | <u>140,725</u> |
| Excess of revenue over expenditure for the year | 71 | 52 | 7,808 | 6,320 |
| Surplus at the beginning of the year not appropriated to current revenue | — | — | 31,603 | 37,876 |
| Surplus transfers | — | — | — | <u>(12,593)</u> |
| Surplus at the end of the year | <u>\$ 71</u> | <u>52</u> | <u>39,411</u> | <u>31,603</u> |

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|---------|-------------------|-------|----------------------------|------|----------|---------|
| 1987 | 1986 | 1987 | 1986 | 1987 | 1986 | 1987 | 1986 |
| 65,451 | 36,591 | — | — | 53 | 33 | 65,556 | 36,625 |
| — | — | — | — | — | — | 253 | 360 |
| — | — | — | — | — | — | 87 | 86 |
| — | — | — | — | — | — | — | — |
| 151 | 193 | — | — | — | — | 471 | 212 |
| 10,101 | 8,944 | 4,193 | 4,323 | — | — | 21,862 | 19,633 |
| 140,911 | 140,656 | — | — | — | — | 144,410 | 144,234 |
| 43,695 | 42,181 | — | — | — | — | — | — |
| — | — | 7,130 | 3,237 | — | — | 7,130 | 3,237 |
| — | — | — | — | 25 | 48 | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| 1,812 | 1,859 | — | — | — | — | 1,812 | 1,859 |
| 262,121 | 230,424 | 11,323 | 7,560 | 78 | 81 | 241,581 | 206,246 |
| — | — | — | — | — | — | 48 | 47 |
| — | — | — | — | — | — | 466 | 477 |
| 43,695 | 42,181 | 2,344 | 5,311 | — | — | — | — |
| 150,825 | 135,271 | 1,935 | 1,819 | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | 137,521 | 140,009 |
| — | — | — | — | — | — | 540 | 353 |
| 101 | 79 | 36 | 33 | — | — | — | — |
| 104 | 35 | 6,931 | 361 | — | — | 9,379 | 5,707 |
| — | — | 77 | 36 | 33 | 28 | 18,307 | 370 |
| 194,725 | 177,566 | 11,323 | 7,560 | 33 | 28 | 166,261 | 146,963 |
| 67,396 | 52,858 | — | — | 45 | 53 | 75,320 | 59,283 |
| — | — | — | — | — | — | 31,603 | 37,876 |
| — | 12,593 | — | — | — | — | — | — |
| 67,396 | 65,451 | — | — | 45 | 53 | 106,923 | 97,159 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Statements of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1987 — WITH COMPARATIVE FIGURES FOR 1986
THOUSANDS OF DOLLARS

| | OPERATING FUND | | DEBT FUND | |
|---|----------------|------|-----------|----------|
| | 1987 | 1986 | 1987 | 1986 |
| OPERATING ACTIVITIES | | | | |
| Excess of revenue over expenditure for the year | \$ 71 | 52 | 7,808 | 6,320 |
| Non-cash items: | | | | |
| Surplus transfers | — | — | — | (12,593) |
| Prior year's surplus appropriated | (52) | (1) | — | — |
| Gain on purchases of own debentures for investment purposes | — | — | (320) | (18) |
| Gain on disposals of other securities | — | — | — | — |
| Accretion of discounts on investments | — | — | (2,303) | (2,895) |
| Increase (decrease) in reserves for information systems enhancement | (13) | 23 | — | — |
| Amortization of issue and refunding costs | — | — | 540 | 353 |
| Allocations to Regional Districts | — | — | — | — |
| Changes in interfund balances | (8) | 20 | (554) | 9,472 |
| Decrease (increase) in accrued interest receivable | 2 | 2 | — | — |
| Decrease in other receivables | 3 | 8 | — | — |
| Increase (decrease) in accounts payable | (16) | 16 | (1,204) | (350) |
| Increase in loans from sinking and other funds | — | — | 778 | — |
| Cash provided by (applied to) operating activities | (13) | 120 | 4,745 | 289 |
| FINANCING ACTIVITIES | | | | |
| New debt issued | — | — | 162,556 | 97,100 |
| Loan repayments from Regional Districts | — | — | 45,807 | 44,147 |
| Decrease in deferred receivables from Regional Districts | — | — | 11,939 | 5,196 |
| New loans to Regional Districts | — | — | (42,646) | (49,063) |
| Debt retired | — | — | (180,906) | (68,088) |
| Increase in unamortized issue and refunding costs | — | — | (1,359) | (1,386) |
| Decrease in bank loans | — | — | — | (1,455) |
| Decrease in loans from sinking and other funds | — | — | (1,571) | (2,190) |
| Changes in interfund balances | — | — | 11,222 | (18,513) |
| Contributions from Regional Districts re new loans | — | — | — | — |
| Contributions and earnings thereon refunded to Regional Districts | — | — | — | — |
| Cash provided by (applied to) financing activities | — | — | 5,042 | 5,748 |
| INVESTING ACTIVITIES | | | | |
| Investments sold or matured | — | — | 8,746 | 5,556 |
| Investments purchased | — | — | (19,351) | (11,530) |
| Other | — | — | (389) | (418) |
| Cash provided by (applied to) investing activities | — | — | (10,994) | (6,387) |
| Increase (decrease) in cash for the year | (13) | 120 | (1,207) | (350) |
| Cash, beginning of the year | 260 | 140 | 1,844 | 2,194 |
| Cash, end of the year | \$ 247 | 260 | 637 | 1,844 |

| CAPITAL REPAYMENT EQUALIZATION FUND | | DEBT RESERVE FUND | | MARKET DEVELOPMENT FUND | | COMBINED | |
|--|-----------|-------------------|----------|----------------------------|------|-----------|-----------|
| 1987 | 1986 | 1987 | 1986 | 1987 | 1986 | 1987 | 1986 |
| 67,396 | 52,858 | — | — | 45 | 53 | 75,320 | 59,283 |
| — | 12,593 | — | — | — | — | — | — |
| (65,451) | (36,591) | — | — | (53) | (33) | (65,556) | (36,625) |
| (60) | (39) | — | — | — | — | (381) | (57) |
| (371) | (34) | — | — | — | — | (371) | (34) |
| (4,700) | (3,493) | (831) | (465) | — | — | (7,833) | (6,853) |
| — | — | — | — | — | — | (13) | 23 |
| — | — | — | — | — | — | 540 | 353 |
| — | — | 6,931 | 361 | — | — | 6,931 | 361 |
| 554 | (9,472) | — | — | 8 | (20) | — | — |
| 481 | (185) | 6 | (16) | — | — | 489 | (149) |
| — | — | — | — | — | — | 3 | 8 |
| — | — | (35) | 23 | — | — | (1,255) | (311) |
| — | — | — | — | — | — | 778 | — |
| (2,151) | 15,687 | 6,071 | (97) | — | — | 8,652 | 15,999 |
| — | — | — | — | — | — | 162,556 | 97,100 |
| — | — | — | — | — | — | 45,807 | 44,147 |
| — | — | — | — | — | — | 11,939 | 5,196 |
| — | — | — | — | — | — | (42,646) | (49,063) |
| — | — | — | — | — | — | (180,906) | (68,088) |
| — | — | — | — | — | — | (1,359) | (1,386) |
| — | — | — | — | — | — | — | (1,455) |
| — | — | — | — | — | — | (1,571) | (2,190) |
| (11,222) | 18,513 | — | — | — | — | 427 | 490 |
| — | — | 427 | 490 | — | — | — | — |
| — | — | (19) | (201) | — | — | (19) | (201) |
| (11,222) | 18,513 | 408 | 289 | — | — | (5,772) | 24,550 |
| 305,716 | 164,093 | 22,674 | 34,794 | — | — | 337,136 | 204,443 |
| (291,604) | (198,369) | (29,167) | (34,985) | — | — | (340,122) | (244,884) |
| — | — | — | — | — | — | (389) | (413) |
| 14,112 | (34,276) | (6,493) | (191) | — | — | (3,375) | (40,854) |
| 739 | (76) | (14) | 1 | — | — | (495) | (305) |
| 468 | 544 | 309 | 308 | — | — | 2,881 | 3,186 |
| 1,207 | 468 | 295 | 309 | — | — | 2,386 | 2,881 |

Notes to Financial Statements — All Funds

DECEMBER 31, 1987

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 securities and lends the proceeds to the regional districts on whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province and are not directly or indirectly guaranteed by the Province.

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

OPERATING FUND

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

DEBT FUND

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

CAPITAL REPAYMENT EQUALIZATION FUND

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

DEBT RESERVE FUND

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

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

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

MARKET DEVELOPMENT FUND

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

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 rates have been set by the Authority in March of each year. It is collected on behalf of the Authority by the municipalities in the Province and the Provincial Surveyor of Taxes and is payable to the Authority on August 1 each year.

OFFICE FURNITURE, FIXTURES
AND EQUIPMENT

Office furniture, fixtures and equipment are 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
AND REFUNDING COSTS

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

FOREIGN CURRENCY
TRANSACTIONS

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

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

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

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 securities which are carried at par value.

SINKING FUNDS

Under the Act, obligations of the Authority purchased for a sinking fund account together with interest, premium, or exchange derived from them shall be held to the credit of that sinking fund account and shall not be resold. However, securities 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:

| | 1987 | | 1986 |
|--|-------------------|---------------|----------------|
| | Par value | Book value | Book value |
| (THOUSANDS OF DOLLARS) | | | |
| CAPITAL REPAYMENT EQUALIZATION FUND | | | |
| Government of Canada, direct or guaranteed | \$ 30,937 | 19,628 | 41,562 |
| Provincial governments, direct or guaranteed | 36,502 | 24,779 | 23,991 |
| Chartered banks, direct or guaranteed | 47,044 | 46,852 | 36,197 |
| Credit Unions in the Province | 1,345 | 1,345 | 975 |
| Regional Districts and Municipalities in Canada | 4,217 | 4,210 | 2,594 |
| The Authority | 1,568 | 1,568 | 2,044 |
| | <u>\$ 121,613</u> | <u>98,382</u> | <u>107,363</u> |

DEBT RESERVE FUND

| | | | |
|---|------------------|---------------|---------------|
| Government of Canada, direct or guaranteed | \$ 10,988 | 9,586 | 6,117 |
| Provincial governments, direct or guaranteed | 16,301 | 15,814 | 14,227 |
| Chartered banks, direct or guaranteed | 13,705 | 13,735 | 11,422 |
| Credit Unions in the Province | — | — | 45 |
| | <u>\$ 40,994</u> | <u>39,135</u> | <u>31,811</u> |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

3**Loans to
Regional Districts**

Loans to regional districts include \$266,134,162 (1986 - \$280,168,364) denominated in U.S. dollars.

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

At the exchange rates prevailing at December 31, 1987, the scheduled payments under the agreements with the regional districts in respect of the securities payable in Swiss francs and Deutschemarks will not provide sufficient funds to meet the Authority's related obligations when due. Such deficiencies may be met from the Debt Reserve Fund (see Note 6).

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

| | <u>1987</u> | <u>1986</u> |
|------|------------------------|---------------|
| | (THOUSANDS OF DOLLARS) | |
| 1987 | \$ | 45,528 |
| 1988 | 48,633 | 46,926 |
| 1989 | 50,186 | 48,479 |
| 1990 | 51,639 | 49,933 |
| 1991 | 53,095 | 51,389 |
| 1992 | 53,630 | |

4**Deferred receivables
from Regional Districts**

In 1978, the Authority redeemed the Swiss francs 50,000,000 6% bond issue from the proceeds of a Swiss francs 51,600,000 bank loan. As a result, the Authority incurred an exchange loss of \$23,055,505 of which \$11,163,014 had been recovered from the regional districts under the terms of the loan agreements. In 1987, the Authority used the accumulated related funds in the Capital Repayment Equalization Fund together with the proceeds of Canadian dollar refundings totalling \$14,880,464 and a new Swiss francs 4,800,000 bank loan to retire the Swiss francs 51,600,000 loan. As a result, the Authority incurred a further exchange loss of \$8,143,598 which, together with the unrecovered portion of the 1978 exchange loss, has been written off in 1987 to the extent that the Swiss francs debt has been retired. The amount has been recovered in the Debt Fund by way of a revenue transfer from the Capital Repayment Equalization Fund. The balance of the deferred receivables from regional districts which has not been written off will be recovered, if necessary, as the new Swiss francs 4,800,000 loan is retired.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

5**Due to sinking
and other funds**

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

In addition to its own securities purchased under this provision, loans to the Debt Fund totalling \$3,148,810 (1986 - \$3,957,337) together with accrued interest of \$51,111 (1986 - \$35,850) were outstanding at December 31, 1987. Like the securities, the loans are included in the sinking fund assets and in investments and receivables in the Capital Repayment Equalization Fund and they have not been eliminated in the combined statements.

6**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 1987, deficiencies of \$4,278,847 (1986 - \$7,130,294) in the amounts of funds available to meet the principal and interest payments on the Deutschemark loan and the interest and sinking fund payments 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 in the Province rates sufficient to maintain the Debt Reserve Fund at a level not exceeding the amount which would have been in the fund had no such payments been made. Further, the Board of Trustees must impose such rates when the balance in the fund is less than fifty percent of the amount that would have been in the fund had no such payments been made.

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

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, 1987 and provision for early redemptions at the option of the bondholder):

| | <u>1987</u> | <u>1986</u> |
|------|------------------------|-------------|
| | (THOUSANDS OF DOLLARS) | |
| 1987 | \$ 231,903 | |
| 1988 | 138,868 | 133,008 |
| 1989 | 35,738 | 53,319 |
| 1990 | 98,343 | 30,976 |
| 1991 | 40,243 | 32,621 |
| 1992 | 73,878 | |

Certain securities issues are subject to specific annual redemptions for sinking fund purposes. By purchasing the securities at discount in the open market in anticipation of the sinking fund requirements, the Authority has, to December 31, 1987, retired \$3,713,000 (1986 - \$8,456,000) of such debt in advance of the scheduled redemptions for sinking fund purposes.

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

8

Foreign currencies

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

| | <u>1987</u> | <u>1986</u> |
|-----------------------|------------------|-------------|
| United States dollars | US\$ 266,476,000 | 276,186,000 |
| Swiss francs | SFr 4,800,000 | 51,600,000 |
| Deutschmarks | DM 4,125,000 | 4,950,000 |

No exchange gains or losses accrue to the Authority in respect of the debt payable in U.S. dollars since the related loans to the regional districts are denominated in U.S. dollars and the loan agreements provide for repayment to the Authority in U.S. dollars. In the case of other long-term debt denominated in European currencies, the Authority is not at exchange risk (see Note 1).

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

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.

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

| | 1987 | 1986 |
|---|------------------|---------------|
| | Par value | Book value |
| (THOUSANDS OF DOLLARS) | | |
| Securities of: | | |
| Government of Canada, direct or guaranteed | \$ 30,404 | 15,962 |
| Provincial governments, direct or guaranteed | 21,044 | 15,875 |
| Chartered banks, direct or guaranteed | 8,582 | 8,353 |
| Regional Districts and Municipalities in Canada | 2,183 | 2,067 |
| The Authority | <u>37,264</u> | <u>37,264</u> |
| | <u>\$ 99,477</u> | <u>79,521</u> |
| Cash | 501 | 273 |
| Accrued interest and other | <u>873</u> | <u>711</u> |
| Total assets | 80,895 | 67,277 |
| Accumulated actuarial requirements for retirement of the related debt | <u>51,766</u> | <u>43,687</u> |
| Excess of assets over accumulated actuarial requirements | <u>\$ 29,129</u> | <u>23,590</u> |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Notes to Financial Statements — All Funds / continued

DECEMBER 31, 1987

10**Capital Repayment
Equalization Fund
— surplus**

The surplus relates directly to specific securities issues and, if not otherwise appropriated for payment of principal and/or interest during the term of such issues, will be paid over to the regional districts for which the financing was undertaken.

11**Commitments**

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

| | Premises | Equipment | Total |
|-------------|----------|-----------|---------|
| 1988 | 39,237 | 32,396 | 71,633 |
| 1989 | 39,237 | 19,989 | 59,226 |
| 1990 | 39,237 | 12,491 | 51,728 |
| 1991 | 41,615 | 5,016 | 46,631 |
| 1992 | 46,371 | — | 46,371 |
| 1993 - 1996 | 170,027 | — | 170,027 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund—Schedule of Long-Term Debt

DECEMBER 31, 1987—WITH COMPARATIVE FIGURES FOR 1986
THOUSANDS OF DOLLARS

| Issue / Series | Year of issue | Maturity date | Interest rate percent | Original amount |
|-------------------------------------|------------------|------------------------|--------------------------|--------------------|
| Payable in Canadian dollars: | | | | |
| 2 | 1971 | December 1, 1988-1996 | 7.750 | \$ 1,259 |
| 3 | 1972 | March 1, 1992 | 7.750 | 1,675 |
| | | March 1, 1997 | 7.750 | 2,575 |
| 6 | 1973 | June 1, 1988-1992 | 8.125 | 8,727 |
| 7 | 1974 | March 1, 1988-1989 | 9.000 | 887 |
| | | March 1, 1994 | 9.000 | 6,462 |
| 9 | 1974 | April 16, 1994 | 9.000 | 6,800 |
| 11 | 1974 | September 3, 1988-1994 | 10.750 | 5,000 |
| 16 | 1975 | September 2, 1995 | 10.750 | 5,000 |
| 20 | 1977 | June 1, 1988/1997 | 9.000 | 25,000 |
| | | June 1, 1997 | 9.875 | 20,000 |
| 21 | 1977 | December 1, 1987 | 8.750 | 1,227 |
| | | December 1, 1988-1992 | 9.250 | 961 |
| | | December 1, 1997 | 9.500 | 33,500 |
| | | December 1, 2002 | 9.500 | 7,000 |
| 23 | 1978 | November 15, 1988 | 9.500 | 1,150 |
| | | November 15, 1989-1993 | 9.625 | 890 |
| | | November 15, 1998 | 9.950 | 30,000 |
| A23 | 1978 | November 15, 1998 | 9.950 | 6,735 |
| | | November 15, 2003 | 10.000 | 3,265 |
| 24 | 1979 | May 15, 1989/1999 | 10.250 | 24,000 |
| 25 | 1979 | December 6, 1999 | 12.250 | 54,100 |
| 26 | 1979 | December 6, 2004 | 12.250 | 11,133 |
| 31 | 1982 | June 30, 1987 | 16.750 | 102,600 |
| 32 | 1982 | October 27, 1988 | 13.625 | 100,000 |
| 33 | 1983 | June 15, 1993 | 11.750 | 25,000 |
| | | June 15, 2003 | 12.375 | 63,300 |
| 34 | 1983 | November 22, 1993 | 12.000 | 58,000 |
| | | November 22, 1993 | 12.125 | 21,000 |
| 35 | 1984 | May 15, 1990 | 12.625 | 60,300 |
| 36 | 1984 | December 5, 2004 | 13.000 | 30,500 |
| CA | 1985 | June 12, 2005 | 12.000 | 21,800 |
| CB | 1985 | December 12, 2005 | 11.000 | 15,500 |
| A29 | 1986 | April 29, 2001 | 14.000 | 91,362 |
| EB | 1986 | June 2, 2001 | 9.375 | 65,500 |
| | | Carried forward | | |

Schedule

| December 31, 1987 | | Long-term debt, net | December 31, 1986 | Long-term debt, net | References |
|-------------------|---------------|---------------------|-------------------|---------------------|------------|
| Outstanding | Sinking funds | | | | |
| 550 | — | 550 | 622 | (1) | |
| 1,675 | 941 | 734 | 965 | (1) (2) | |
| 2,575 | 843 | 1,732 | 1,938 | (1) (2) | |
| 6,022 | — | 6,022 | 6,779 | (1) | |
| 397 | — | 397 | 574 | (1) | |
| 6,462 | 6,079 | 383 | 1,174 | (1) (2) | |
| 6,800 | 6,425 | 375 | 1,281 | (1) (2) | |
| 3,500 | — | 3,500 | 4,000 | (1) | |
| 5,000 | 859 | 4,141 | 4,591 | (1) (2) | |
| 5,341 | — | 5,341 | 5,341 | (3) | |
| 20,000 | 13,453 | 6,547 | 8,464 | (1) (2) | |
| — | — | — | 288 | | |
| 961 | — | 961 | 961 | (1) | |
| 33,500 | 20,428 | 13,072 | 16,220 | (1) (2) | |
| 7,000 | 2,957 | 4,043 | 4,498 | (1) (2) | |
| 274 | — | 274 | 524 | (1) | |
| 890 | — | 890 | 890 | (1) | |
| 30,000 | 16,293 | 13,707 | 16,084 | (1) (2) | |
| 6,735 | 3,658 | 3,077 | 3,611 | (1) (2) | |
| 3,265 | 1,229 | 2,036 | 2,216 | (1) (2) | |
| — | — | — | 24,000 | (4) | |
| 43,700 | — | 43,700 | 45,600 | (5) | |
| 11,133 | 3,178 | 7,955 | 8,481 | (2) (6) | |
| — | — | — | 102,600 | (1) | |
| 100,000 | — | 100,000 | 100,000 | (1) | |
| 17,873 | — | 17,873 | 19,960 | (7) (8) | |
| 63,300 | — | 63,300 | 63,300 | (7) | |
| 58,000 | — | 58,000 | 58,000 | (1) | |
| 21,000 | — | 21,000 | 21,000 | (9) | |
| 60,298 | — | 60,298 | 60,300 | (1) | |
| 30,500 | 3,092 | 27,408 | 28,541 | (2) (10) | |
| 21,800 | 1,460 | 20,340 | 21,104 | (2) (11) | |
| 15,500 | — | 15,500 | 15,500 | (12) | |
| 91,362 | — | 91,362 | 91,362 | (1) | |
| 65,500 | — | 65,500 | 65,500 | (8) | |
| 740,913 | 80,895 | 660,018 | 806,269 | | |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Debt Fund—Schedule of Long-Term Debt / continued

DECEMBER 31, 1987—WITH COMPARATIVE FIGURES FOR 1986
THOUSANDS OF DOLLARS

| Issue / Series | Year of issue | Maturity date | Interest rate percent | Original amount |
|--|------------------|------------------------|--------------------------|--------------------|
| Payable in Canadian dollars, continued: | | | | |
| | | | Brought forward | |
| 40 | 1986 | October 23, 1987 | 9.000 | \$ 1,120 |
| | | October 23, 1988 | 9.250 | 1,120 |
| | | October 23, 1989 | 9.500 | 1,120 |
| | | October 23, 1990 | 9.500 | 1,120 |
| | | October 23, 1991 | 9.500 | 1,120 |
| CC | 1986 | October 23, 2006 | 10.125 | 26,000 |
| A24 | 1987 | May 15, 1988 | 7.750 | 1,400 |
| | | May 15, 1989 | 8.000 | 1,600 |
| | | May 15, 1990 | 8.250 | 1,800 |
| | | May 15, 1991 | 8.500 | 2,000 |
| | | May 15, 1992 | 8.500 | 2,200 |
| | | May 15, 1993 | 8.750 | 2,400 |
| | | May 15, 1994 | 8.750 | 2,600 |
| 42 | 1987 | July 30, 1988 | 9.000 | 3,500 |
| | | July 30, 1989 | 9.250 | 3,800 |
| | | July 30, 1990 | 9.500 | 4,200 |
| | | July 30, 1991 | 9.500 | 4,500 |
| | | July 30, 1992 | 9.500 | 5,000 |
| CD | 1987 | July 30, 1997 | 10.000 | 90,000 |
| CE | 1987 | November 15, 1992 | 11.250 | 33,000 |
| Payable in United States dollars: | | | | |
| 1 | 1971 | October 1, 1996 | 8.375 | 20,000 |
| 12 | 1975 | January 15, 2000 | 9.750 | 34,500 |
| 17 | 1975 | November 1, 2000 | 9.875 | 37,000 |
| 18 | 1976 | May 1, 2001 | 8.875 | 52,500 |
| 19 | 1976 | October 15, 2001 | 8.750 | 50,000 |
| 22 | 1978 | June 1, 1998 | 9.250 | 29,363 |
| | | June 1, 2003 | 9.375 | 4,737 |
| 28 | 1980 | December 1, 2005 | 13.750 | 90,000 |
| EA | 1985 | October 28, 2000/2005 | 11.250 | 50,000 |
| Payable in Swiss francs: | | | | |
| 5 | 1978 | November 15, 1987 | 6.000 | 37,188 |
| A5 | 1987 | November 16, 1988-1992 | 5.400 | 4,556 |
| Payable in Deutschemarks: | | | | |
| 4 | 1972 | October 1, 1988-1992 | 6.750 | 4,618 |

Schedule

| December 31, 1987 | | Long-term debt, net | December 31, 1986 | References |
|-------------------|---------------|------------------------|------------------------|------------|
| Outstanding | Sinking funds | Long-term debt, net | Long-term debt, net | |
| \$ 740,913 | 80,895 | 660,018 | 806,269 | |
| 1,120 | — | 1,120 | 1,120 | (1) |
| 1,120 | — | 1,120 | 1,120 | (1) |
| 1,120 | — | 1,120 | 1,120 | (1) |
| 1,120 | — | 1,120 | 1,120 | (1) |
| 26,000 | — | 26,000 | 26,000 | (13) |
| 1,400 | — | 1,400 | — | (1) |
| 1,600 | — | 1,600 | — | (1) |
| 1,800 | — | 1,800 | — | (1) |
| 2,000 | — | 2,000 | — | (1) |
| 2,200 | — | 2,200 | — | (1) |
| 2,400 | — | 2,400 | — | (1) |
| 2,600 | — | 2,600 | — | (1) |
| 3,500 | — | 3,500 | — | (1) |
| 3,800 | — | 3,800 | — | (1) |
| 4,200 | — | 4,200 | — | (1) |
| 4,500 | — | 4,500 | — | (1) |
| 5,000 | — | 5,000 | — | (1) |
| 90,000 | — | 90,000 | — | (1) |
| 33,000 | — | 33,000 | — | (1) |
| 929,393 | 80,895 | 848,498 | 837,869 | |
| 8,776 | — | 8,776 | 9,720 | (7) |
| 16,633 | — | 16,633 | 16,743 | (14) |
| 21,510 | — | 21,510 | 23,320 | (15) |
| 29,986 | — | 29,986 | 30,476 | (16) |
| 36,842 | — | 36,842 | 37,675 | (17) |
| 22,370 | — | 22,370 | 23,448 | (7) |
| 4,039 | — | 4,039 | 4,147 | (7) |
| 78,320 | — | 78,320 | 80,657 | (18) |
| 48,000 | — | 48,000 | 50,000 | (8) (19) |
| 266,476 | — | 266,476 | 276,186 | |
| — | — | — | 37,188 | |
| 4,556 | — | 4,556 | — | |
| 1,270 | — | 1,270 | 1,524 | (20) |
| \$ 1,201,695 | 80,895 | 1,120,800 | 1,152,767 | |

Debt Fund — References to Schedule of Long-Term Debt

DECEMBER 31, 1987

- 1 Non-callable prior to maturity.
- 2 The sinking fund has been calculated to provide for retirement of the issue at maturity.
- 3 Redeemable at holder's option on June 1, 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.
- 4 Called on May 15, 1987 at 101%.
- 5 Non-callable prior to December 6, 1994 except for sinking fund purposes. Callable on December 6, 1994 and thereafter at any time at 100%.
- 6 Callable on December 6, 1997 and thereafter at any time at 100%.
- 7 Non-callable except for sinking fund purposes.
- 8 Callable upon the imposition of withholding taxes at any time at 100%.
- 9 Non-callable prior to maturity unless lender so agrees.
- 10 Callable on December 5, 1999 and thereafter at any time at 100%.
- 11 Callable on June 12, 2000 and thereafter at any time at 100%.
- 12 Callable on December 12, 2000 and thereafter at any time at 100%.
- 13 Callable on October 23, 2003 and thereafter at any time at 100%.
- 14 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.
- 15 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.
- 16 Non-callable prior to May 1, 1991 except for sinking fund purposes. Callable on May 1, 1991 and thereafter at any time at 102.75% reducing to 100% on or after May 2, 1999.

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

DECEMBER 31, 1987

- 17 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.
- 18 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.
- 19 Redeemable at holder's option on October 28, 2000. Callable on October 28, 1993 and thereafter at 103% reducing to 100% from October 28, 1999 to October 28, 2000. The interest rate is effective until October 28, 2000; it will be reset by the Authority from October 29, 2000.
- 20 Callable on October 1, 1988 and annually thereafter at 101% reducing to 100.25% in 1991. Callable annually, also, upon the imposition of withholding taxes at 100.50% in 1988 reducing to 100% in 1991.

Ten Year Review — Combined Funds

THOUSANDS OF DOLLARS

| ASSETS | | LIABILITIES AND SURPLUSES | | REVENUE | | EXPENDITURE | |
|---|--------------|---------------------------|-----------|-----------|----------------------------|----------------------------|----------------------------|
| Cash | \$ 2,386 | 2,881 | 3,186 | 3,186 | 1,986 | 1985 | 1984 |
| Receivables | 1,276 | 1,768 | 1,627 | 1,627 | 1,724 | 1,724 | 1,724 |
| Investments | 137,517 | 139,174 | 100,676 | 100,676 | 92,076 | 92,076 | 92,076 |
| Demand notes receivable from Regional Districts | 85,140 | 82,611 | 80,243 | 80,243 | 77,863 | 77,863 | 77,863 |
| Loans to Regional Districts | 1,124,501 | 1,127,662 | 1,122,746 | 1,122,746 | 1,127,416 | 1,127,416 | 1,127,416 |
| Deferred receivables from Regional Districts | 2,183 | 14,122 | 19,318 | 19,318 | 21,573 | 21,573 | 21,573 |
| Unamortized issue and refinancing costs | 3,918 | 3,099 | 2,066 | 2,066 | 1,100 | 1,100 | 1,100 |
| Total assets | \$ 1,356,921 | 1,371,317 | 1,329,862 | 1,329,862 | 1,325,410 | 1,325,410 | 1,325,410 |
| Accounts payable and unpresented matured debt | \$ 690 | 1,945 | 2,256 | 2,256 | 2,507 | 4,939 | 4,939 |
| Due to banks | 3,200 | 3,993 | 6,363 | 6,363 | 664 | 464 | 464 |
| Due to sinking and other funds | 102 | 115 | 92 | 92 | 96 | 96 | 96 |
| Reserves for information systems enhancement | 125,206 | 115,338 | 112,320 | 112,320 | 108,430 | 108,430 | 108,430 |
| Long-term debt, net | 1,120,800 | 1,152,767 | 1,132,875 | 1,132,875 | 1,117,629 | 1,117,629 | 1,117,629 |
| Total liabilities | 1,249,998 | 1,274,158 | 1,255,361 | 1,255,361 | 1,264,035 | 1,264,035 | 1,264,035 |
| Surplus | 106,923 | 97,159 | 74,501 | 74,501 | 61,375 | 61,375 | 61,375 |
| Total liabilities and surplus | \$ 1,356,921 | 1,371,317 | 1,329,862 | 1,329,862 | 1,325,410 | 1,325,410 | 1,325,410 |
| Prior year's surplus appropriated | \$ 65,556 | 36,625 | 30,711 | 25,416 | 25,416 | 25,416 | 25,416 |
| Operating levy | 253 | 233 | 360 | 361 | 351 | 190 | 190 |
| Recoveries from new issues | 87 | 87 | 86 | 82 | 2,907 | 2,907 | 2,907 |
| Gains on purchases of own debentures | 471 | 212 | 1,031 | 1,031 | 137,521 | 140,009 | 146,027 |
| Interest from investments (including sinking funds) | 21,862 | 19,633 | 16,980 | 16,980 | 137,420 | 137,420 | 137,420 |
| Interest from loans to Regional Districts | 144,510 | 144,234 | 144,557 | 144,557 | 137,420 | 137,420 | 137,420 |
| Recoveries of deficiencies from Regional Districts | 7,130 | 3,237 | 489 | 489 | 735 | 735 | 735 |
| Allocations from Regional Districts | — | — | — | — | Other | Other | Other |
| Interest from investments (including sinking funds) | 241,581 | 206,246 | 194,717 | 181,610 | Total revenue | Total revenue | Total revenue |
| Interest on new issues | 184 | 182 | 506 | 506 | 184 | 184 | 184 |
| Administrative | 48 | 47 | 53 | 53 | 57 | 467 | 467 |
| Interest | 46 | 47 | 473 | 473 | 138,879 | 140,009 | 146,027 |
| Amortization of issue and refinancing costs | 540 | 353 | 403 | 403 | 213 | 3,903 | 3,903 |
| Allocations to Regional Districts | 9,379 | 5,707 | 3,605 | 3,605 | 213 | 3,903 | 3,903 |
| Surplus at beginning of the year not appropriated | 31,603 | 37,876 | 30,664 | 23,366 | 23,366 | 23,366 | 23,366 |
| Excess of revenue over expenditure for the year | 75,320 | 59,283 | 43,837 | 38,009 | 143,601 | 143,601 | 143,601 |
| Total expenditure | 166,261 | 146,963 | 150,880 | 143,601 | Surplus at end of the year | Surplus at end of the year | Surplus at end of the year |

| 1983 | 1982 | 1981 | 1980 | 1979 | 1978 |
|-----------|-----------|---------|---------|---------|---------|
| 1,749 | 2,348 | 415 | 633 | 383 | 201 |
| 1,951 | 1,226 | 992 | 589 | 662 | 1,862 |
| 70,968 | 49,611 | 39,863 | 30,540 | 27,883 | 18,993 |
| 71,867 | 61,703 | 48,906 | 37,374 | 27,686 | 22,467 |
| 1,074,500 | 939,718 | 787,185 | 659,338 | 524,094 | 450,270 |
| 21,573 | 21,573 | 21,573 | 21,787 | 22,167 | 23,055 |
| 1,312 | 1,525 | 1,555 | 1,612 | 1,714 | 1,464 |
| 1,243,920 | 1,077,704 | 900,489 | 751,873 | 604,589 | 518,312 |
| | | | | | |
| 2,697 | 2,012 | 202 | 473 | 212 | 94 |
| 4,615 | 2,380 | 14,760 | 2,684 | — | 972 |
| 564 | 1,302 | — | 2,831 | — | — |
| 109 | 75 | 45 | 25 | 78 | 44 |
| 97,805 | 83,411 | 65,903 | 50,186 | 36,957 | 29,945 |
| 1,089,348 | 950,432 | 792,509 | 679,886 | 557,492 | 481,337 |
| 1,195,138 | 1,039,612 | 873,419 | 736,085 | 594,739 | 512,392 |
| 48,782 | 38,092 | 27,070 | 15,788 | 9,850 | 5,920 |
| 1,243,920 | 1,077,704 | 900,489 | 751,873 | 604,589 | 518,312 |
| | | | | | |
| 20,985 | 15,772 | 10,945 | 8,329 | 5,164 | 4,637 |
| 350 | 352 | 309 | 270 | 225 | 205 |
| 65 | 62 | 55 | 48 | 39 | 36 |
| 2,459 | 4,674 | 6,351 | 2,921 | 503 | 244 |
| 11,381 | 9,380 | 6,173 | 3,989 | 2,766 | 1,880 |
| 121,061 | 98,158 | 78,144 | 56,434 | 44,360 | 37,975 |
| 201 | 486 | 1,050 | 1,662 | 1,666 | 664 |
| — | — | — | — | — | 115 |
| 205 | 664 | 46 | — | — | — |
| 156,707 | 129,548 | 103,073 | 73,653 | 54,723 | 45,756 |
| | | | | | |
| 48 | 51 | 44 | 48 | 43 | 40 |
| 352 | 340 | 313 | 240 | 228 | 205 |
| 121,681 | 98,964 | 77,175 | 56,050 | 42,807 | 38,675 |
| 213 | 248 | 286 | 342 | 328 | 1,071 |
| 2,675 | 3,113 | 3,036 | 2,512 | 1,909 | — |
| 63 | 37 | (8) | 195 | 314 | 221 |
| 125,032 | 102,753 | 80,846 | 59,387 | 45,629 | 40,212 |
| 31,675 | 26,795 | 22,227 | 14,266 | 9,094 | 5,544 |
| 17,107 | 11,297 | 4,843 | 1,522 | 756 | 376 |
| 48,782 | 38,092 | 27,070 | 15,788 | 9,850 | 5,920 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1987 \$(000) | INTEREST |
|------------------|---|-------------------|-----------------------|---|---------------------------------------|
| 2 | 7.75% Serial Debentures due December 1, 1972-1996 | December 1, 1971 | 1,259 | 550 | Semi-annual June 1 December 1 |
| 3 | 7.75% Sinking Fund Debentures due March 1, 1992 | March 1, 1972 | 1,675 | 1,675 | Semi-annual March 1 September 1 |
| | 7.75% Sinking Fund Debentures due March 1, 1997 | " | 2,575 | 2,575 | " |
| 6 | 8.125% Serial Debentures due June 1, 1984-1993 | June 1, 1973 | 8,727 | 6,022 | Semi-annual June 1 December 1 |
| 7 | 9% Instalment Debentures due March 1, 1985-1989 | March 1, 1974 | 887 | 397 | Semi-annual March 1 September 1 |
| | 9% Sinking Fund Debentures due March 1, 1994 | " | 6,462 | 6,462 | " |
| 9 | 9% Sinking Fund Debenture due April 16, 1994 | April 16, 1974 | 6,800 | 6,800 | Semi-annual April 16 October 16 |
| 11 | 10.75% Instalment Debentures due September 3, 1985-1994 | September 3, 1974 | 5,000 | 3,500 | Semi-annual March 3 September 3 |
| 16 | 10.75% Sinking Fund Debentures due September 2, 1995 | September 2, 1975 | 5,000 | 5,000 | Semi-annual March 2 September 2 |
| 20 | 9.875% Sinking Fund Debentures due June 1, 1997 | June 15, 1977 | 20,000 | 20,000 | Semi-annual June 1 December 1 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--------------|---|-------------------------------|---|
| Coupon—\$1,000 | Non-callable | 1988—77 1989—83 1990—90 1991—97 1992—35 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 | Non-callable | Annual deposits 1983-1992 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1983-1997 | " | |
| Coupon—\$1,000 | Non-callable | 1988— 819 1989— 886 1990— 956 1991—1,034 1992—1,119 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1988—192 1989—205 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1975-1994 | " | |
| Fully registered | Non-callable | Annual deposits 1975-1994 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | 1988—500 1989—500 1990—500 1991—500 1992—500 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Fully registered | Non-callable | Annual deposits 1986-1995 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | Annual deposits 1978-1997 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1987 \$(000) | INTEREST |
|------------------|---|-------------------|-----------------------|---|--------------------------------------|
| 21 | 9.25% Serial Debentures due December 1, 1988-1992 | December 1, 1977 | 961 | 961 | Semi-annual June 1 December 1 |
| | 9.50% Sinking Fund Debentures due December 1, 1997 | " | 33,500 | 33,500 | " |
| | 9.50% Sinking Fund Debentures due December 1, 2002 | " | 7,000 | 7,000 | " |
| 23 | 9.50% Serial Debentures due November 15, 1984-1988 | November 15, 1978 | 1,150 | 274 | Semi-annual May 15 November 15 |
| | 9.625% 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 | " |
| A24 | 7.75%-8.75% Serial Debentures due May 15, 1988-1994 | May 15, 1987 | 14,000 | 14,000 | Semi-annual May 15 November 15 |
| 25 | 12.25% Sinking Fund Debentures due December 6, 1999 | December 6, 1979 | 54,100 | 43,700 | Semi-annual June 6 December 6 |

| 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 | 1988—160 1989—175 1890—191 1991—208 1992—227 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$5,000 Coupon—\$25,000 Fully registered \$1,000 and multiples thereof. Exchangeable | " | Annual deposits 1978-1997 | " | |
| " | " | Annual deposits 1978-2002 | " | |
| Coupon—\$1,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | 1988—274 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | 1989—147 1990—161 1991—177 1992—193 | " | |
| 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 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| " | " | Annual deposits 1979-2003 | " | |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1988—1,400 1989—1,600 1990—1,800 1991—2,000 1992—2,200 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8 |
| 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 | 1988—2,100 1989—2,300 1990—2,300 1991—2,500 1992—2,800 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | <i>continued</i> |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1987 \$(000) | INTEREST |
|------------------|---|-------------------|-----------------------|---|---------------------------------------|
| 26 | 12.25% Sinking Fund Debentures due December 6, 2004 | December 6, 1979 | 11,133 | 11,133 | Semi-annual June 6 December 6 |
| A29 | 14% Bonds due April 29, 2001 | April 29, 1986 | 91,362 | 91,362 | Semi-annual April 29 October 29 |
| 32 | 13.625% Bonds due October 27, 1988 | October 27, 1982 | 100,000 | 100,000 | Semi-annual April 27 October 27 |
| 33 | 12.375% 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 |
| 35 | 12.625% Retractable Debentures due May 15, 1990 | May 15, 1984 | 60,300 | 60,298 | Semi-annual May 15 November 15 |
| 36 | 13% Sinking Fund Debentures due December 5, 2004 | December 5, 1984 | 30,500 | 30,500 | Semi-annual June 5 December 5 |

| DENOMINATIONS | CALL | SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000) | RETRACTION OR EXTENSION | REGISTRAR AND TRANSFER AGENT |
|---|--|---|--|---|
| Fully registered \$1,000 and multiples thereof | Callable at par on or after Dec. 6, 1997 | Annual deposits 1980-2004 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable except for sinking fund purposes | Sinking fund will begin in 1994 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Non-callable | None | Retractable at holder's option on May 15, 1987. Right may be exercised after November 15, 1986 and prior to February 18, 1987 | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after December 5, 1999 | Annual deposits 1985-2004 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |

continued

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Canada

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1987 \$(000) | INTEREST |
|------------------|--|-------------------|-----------------------|---|---------------------------------------|
| CA | 12% Sinking Fund Debentures due June 12, 2005 | June 12, 1985 | 21,800 | 21,800 | Semi-annual June 12 December 12 |
| CB | 11% Debentures due December 12, 2005 | December 12, 1985 | 15,500 | 15,500 | Semi-annual June 12 December 12 |
| 40 | 9%-9.50% Serial Debentures due October 23, 1987-1991 | October 23, 1986 | 5,600 | 4,480 | Semi-annual April 23 October 23 |
| CC | 10.125% Debentures due October 23, 2006 | " | 26,000 | 26,000 | " |
| 42 | 9%-9.50% Serial Debentures due July 30, 1988-1992 | July 30, 1987 | 21,000 | 21,000 | Semi-annual January 30 July 30 |
| CD | 10% Debentures due July 30, 1997 | " | 90,000 | 90,000 | " |
| CE | 11.25% Debentures due November 15, 1992 | November 17, 1987 | 33,000 | 33,000 | Semi-annual May 15 November 15 |

| 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 | Callable at par on or after June 12, 2000 | Annual deposits 1986-2005 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| Coupon—\$1,000 Coupon—\$25,000 Coupon—\$100,000 Fully registered \$1,000 and multiples thereof. Exchangeable | Callable at par on or after December 12, 2000 | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V8W 2B7 |
| | | | | Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1988—1,120 1989—1,120 1990—1,120 1991—1,120 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V9W 2B7 |
| " | Callable at par on or after October 23, 2003 | None | " | Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8 |
| Fully registered \$1,000 and multiples thereof | Non-callable | 1988—3,500 1989—3,800 1990—4,200 1991—4,500 1992—5,000 | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V9W 2B7 |
| " | " | None | " | Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T8 |
| Fully registered \$1,000 and multiples thereof | Non-callable | None | N/A | Municipal Finance Authority of British Columbia 200-880 Douglas St. Victoria, B.C. V9W 2B7 |
| | | | | Guaranty Trust Company of Canada 800 West Pender St. Vancouver, B.C. V6C 2V7 88 University Ave. Toronto, Ontario M5J 1T6 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

Canadian Dollar Bonds Issued in Europe

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED \$(000) | OUTSTANDING DECEMBER 31, 1987 \$(000) | INTEREST |
|------------------|-----------------------------------|---------------|-----------------------|---|-------------------|
| 20 | 9% Bonds due June 1, 1985/1997 | June 1, 1977 | 25,000 | 5,341 | Annual June 1 |
| 33 | 11.75% Bonds due June 15, 1993 | June 15, 1983 | 25,000 | 17,873 | Annual June 15 |
| EB | 9.375% Bonds due June 2, 2001 | June 2, 1986 | 65,500 | 65,500 | Annual June 2 |

| 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 not more than 360 or less than 90 days prior to June 1 | Kredietbank S.A. Luxembourgaise 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 or upon imposition of withholding taxes | 1988—2,327 1989—2,507 1990—2,757 1991—3,075 1992—3,428 | N/A | Kredietbank S.A. Luxembourgaise Luxembourg. Finimtrust S.A. Luxembourg. Luxembourg Stock Exchange Luxembourg |
| Coupon—\$1,000 | Non-callable except upon imposition of withholding taxes | None | N/A | Kredietbank S.A. Luxembourgaise Luxembourg. Luxembourg Stock Exchange Luxembourg |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in the United States

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1987 U.S. \$(000) | INTEREST |
|------------------|---|------------------|----------------------------|--|--------------------------------------|
| 1 | 8.375% Sinking Fund Debentures due October 1, 1996 | October 1, 1971 | 20,000 | 8,776 | Semi-annual April 1 October 1 |
| 12 | 9.75% Sinking Fund Debentures due January 15, 2000 | January 15, 1975 | 34,500 | 16,633 | Semi-annual January 15 July 15 |
| 17 | 9.875% Sinking Fund Debentures due November 1, 2000 | November 1, 1975 | 37,000 | 21,510 | Semi-annual May 1 November 1 |
| 18 | 8.875% Sinking Fund Debentures due May 1, 2001 | May 1, 1976 | 52,500 | 29,986 | 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 | Non-callable except for sinking fund purposes | 1988—1,246 1989—1,350 1990—1,463 1991—1,585 1992— 567 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | 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% | 1988—1,509 1989—1,657 1990—1,819 1991—1,725 1992—1,893 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | 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% | 1988—1,873 1989—2,059 1990—2,262 1991—2,290 1992—2,517 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | 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% | 1988—2,310 1989—2,515 1990—2,738 1991—2,981 1992—2,960 | 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/ SERIES | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1987 U.S. \$(000) | INTEREST |
|------------------|---|------------------|----------------------------|--|---------------------------------------|
| 19 | 8.75% Sinking Fund Debentures due October 15, 2001 | October 15, 1976 | 50,000 | 36,842 | Semi-annual April 15 October 15 |
| 22 | 9.25% Sinking Fund Debentures due June 1, 1998 | June 1, 1978 | 29,363 | 22,370 | Semi-annual June 1 December 1 |
| | 9.375% Sinking Fund Debentures due June 1, 2003 | " | 4,737 | 4,039 | " |
| 28 | 13.75% Sinking Fund Debentures due December 1, 2005 | December 1, 1980 | 90,000 | 78,320 | 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 | 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% | 1988—2,801 1989—3,045 1990—3,308 1991—3,595 1992—3,890 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | Non-callable except for sinking fund purposes. Optional redemption— Tenders may be called from all holders " " | 1988—1,178 1989—1,210 1990—1,322 1991—1,983 1992—2,166 1988— 118 1989— 130 1990— 141 1991— 155 1992— 170 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |
| Fully registered U.S. \$1,000 and multiples thereof | Non-callable except for sinking fund purposes prior to Dec. 1, 1995. On Dec. 1, 1995 and thereafter at 105.02% declining by 0.56% on each Dec. 1, to 100% on or after Dec. 1, 2004 | 1988—2,660 1989—3,027 1990—3,445 1991—3,193 1992—3,633 | Bank of Montreal Trust Company 2 Wall Street New York, N.Y. 10005 |

MUNICIPAL FINANCE AUTHORITY OF BRITISH COLUMBIA

U.S. Dollar Bonds Issued in Europe

| ISSUE/ SERIES | DESCRIPTION | DATED | AUTHORIZED U.S. \$(000) | OUTSTANDING DECEMBER 31, 1987 U.S. \$(000) | INTEREST |
|------------------|---|------------------|----------------------------|--|---|
| EA | Retractable Bonds due October 28, 2000/2005 | October 28, 1985 | 50,000 | 48,000 | Annual October 28 Rate 11.25% until October, 2000. Rate will be reset from October 29, 2000 |

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

Notes

BACK COVER

Orcas, Port Hardy Area, Mount Waddington Regional District *Courtesy Province of B.C.*
