

# FINANCIALS



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## FINANCIAL SUMMARY

THOUSANDS OF DOLLARS	2010	2009
<b>AT DECEMBER 31</b>		
Total assets	6,800,586	6,550,207
Loans to clients outstanding	4,758,079	4,663,266
Long-term debt outstanding	5,932,099	5,679,018
Investments, to repay debt	1,690,504	1,230,915
Long-term debt, net of investments	4,241,595	4,448,103
Short-term loans outstanding	199,385	450,179
Debt Reserve Fund, assets	108,291	107,606
Debt Reserve Fund, demand notes	244,289	241,837
<b>YEAR ENDED DECEMBER 31</b>		
<b>Long-term:</b>		
New loans to clients	481,631	647,954
Loan repayments from clients	294,009	299,650
New debt issued	460,286	1,090,525
Debt retired	207,775	772,130
Interest paid on long-term debt	286,316	276,851
Investment income	75,196	61,590
<b>Short-term:</b>		
New loans to clients	244,365	1,978,108
Loan repayments from clients	495,159	1,713,153
Bank indebtedness and commercial paper issued	9,498,845	8,318,466
Bank indebtedness and commercial paper repaid	9,538,116	8,344,291
Interest on bank and short-term indebtedness	2,621	3,077

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# MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis provides a discussion and analysis of the financial and operating results of the Municipal Finance Authority of British Columbia (MFA) for the 2010 fiscal year and should be read in conjunction with the 2010 audited statements and accompanying notes.

## OVERVIEW OF BUSINESS

The MFA was established in 1970 under the *Municipal Finance Authority Act* (the “Act”) to provide long-term, interim, and lease financing for regional districts and their member municipalities, regional hospital districts, and other prescribed institutions in BC (collectively, the “clients”). Also included in the client base are the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District, Emergency Communications for Southwest British Columbia (E-Comm), Capital Region Emergency Service Telecommunications (CREST), and the South Coast British Columbia Transportation Authority (TransLink). The City of Vancouver is also a MFA member but functions under its own charter and retains the right to issue its own securities. Long-term debt requirements of municipalities (five to thirty years) must be borrowed through the MFA.

The MFA also provides short-term investment opportunities for its clients and other prescribed institutions by the establishment and operation of a Pooled Investment Fund Program. These funds include a money market fund, an intermediate fund, and bond fund. The funds are reported on separately and are not included in the annual report. The MFA does not provide investment advice to clients.

In addition to the *Act*, the operations are also subject to the application of other statutes. Significant provincial legislation that affects the MFA is the *The Local Government Act*, *The Community Charter*, and the *South Coast British Columbia Transportation Authority Act*.

The mandate of the MFA is to raise long-term capital through the issuance of debentures in the name of the Municipal Finance Authority of British Columbia. This report and the financial statements describe this process in greater detail. Long-term financing, our primary source of funds for client loans, is used to finance capital infrastructure in British Columbia.

The MFA also raises short-term financing through a very active \$500 million Commercial Paper Program fully secured by two Canadian chartered banks. As well, the MFA has additional access to liquidity through a \$250 million credit facility with a Canadian chartered bank. Short-term financing supports our capital lease financing program, provides interim financing for short-term capital projects, and funding in anticipation of long-term borrowing or qualifying future revenue receipts. In order to maintain an active presence in the financial markets we typically issue our authorized limit and any monies raised that are not immediately lent to clients are invested in highly rated short-term investments, including chartered banks and BC credit unions, or held as cash for liquidity purposes.

## GOVERNANCE

The MFA is represented by a 38-member board (“Members”) appointed from the elected officials from each of the 28 regional districts within BC. A board of ten Trustees is elected annually from the Members to exercise executive and administrative powers including

## **MANAGEMENT DISCUSSION AND ANALYSIS** CONTINUED

policy, strategy, and business plans. The Board of Trustees also provides oversight through the Finance and Audit Committee, the Human Resources Committee, and the Investment Advisory Committee.

### **KEY PERFORMANCE DRIVERS**

#### ***Reputation and History***

The MFA has never defaulted on any of its debt obligations and accordingly has never imposed a tax levy for such purposes nor accessed its Debt Reserve Fund as described below.

The success of the MFA operating fund has resulted in a variety of program rebates, absorption of fees, and/or reduced interest charged to clients.

#### ***Borrowing Process***

Through a cooperative approach with our clients and the Province of British Columbia we are able to ensure an understanding of, and adherence to, the requirements of our *Act* and other relevant legislation regarding the borrowing process and limits.

All borrowings must be within each municipality's borrowing power, which stipulates that only 25% of sustainable revenue may be allocated to debt servicing costs (principal and interest). An imposed cap on the inclusion of tax revenue derived from industry lessens the reliance on this sector as a primary funding source for our clients. The purpose of this cap is to ensure that the revenue base is diversified and that local governments are not relying exclusively on one category of taxation, which is especially important in periods of economic downturn.

Long-term borrowing requests or bylaws must be approved first at the local government level through a public consultation process and then at the regional district level. Bylaws must also receive legal approval from the Provincial Ministry through the issuance of a Certificate of Approval which ensures that the request is within financial borrowing limits. Only after these steps have been completed can a borrowing bylaw be presented to the MFA for funding consideration.

The Members of the Authority review all requests for financing and, in consideration of the relevant market and economic conditions, may authorize the issue and sale of securities to fund these requests.

### **INVESTOR CONFIDENCE**

We have been able to access the long-term financing market, typically through 10-year debentures, which accommodate both the average borrowing terms requested by our clients and the market preferences of investors. Serial and longer-dated debentures have occasionally been issued to meet funding requirements.

To syndicate our bond issuances, we employ the services of a financial consortium represented by six Canadian chartered banks and two other financial institutions.

## MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

We are consistently able to maintain a presence in the short-term financing market through a very active Commercial Paper Program. Employing a large dealer network (six Canadian chartered banks and one other financial institution) allows us wide distribution to investors throughout Canada.

### **CAPABILITIES**

#### ***Joint & Several***

Local governments within each regional district in British Columbia are joint and severally liable for each other's debt borrowings. When a municipality passes a borrowing bylaw and presents it to its regional district for the purpose of issuing security, all municipalities within the region must vote on their acceptance of that borrowing. Approval of the borrowing binds each municipality with joint and several obligations.

In the normal course of business, the MFA collects debt servicing costs from regional districts, which in turn requisition funds from the participating municipalities. If a municipality is unable to pay then the regional district incurs that deficiency and must then work to recover the default from its member municipalities.

#### ***Debt Reserve Fund***

The *Act* requires the establishment of a Debt Reserve Fund. The fund accumulates through a 1% payment by a regional district of the total principal borrowed. If, at any time, the Authority does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, (with an issue term greater than 2 years) the payments or sinking fund contributions must be made from the debt reserve fund. Once a regional district has fulfilled its loan obligation its portion of the Debt Reserve Fund is repaid. There has never been a default on any loan payments nor has the MFA ever required the use of funds held in the Debt Reserve Fund.

#### ***Taxing Powers***

Under the provisions of its *Act*, the MFA has unfettered access to the full property assessment base in the Province of British Columbia without requiring approval of any senior level of government. The MFA applies a nominal tax rate annually on taxable property in order to maintain the levy and collection process.

If the Debt Reserve Fund is required to meet its obligations, as described above, and payments cannot be recovered under the terms of the loan agreements with the delinquent regional district within a reasonable time, the Trustees may impose a tax on British Columbia taxable land and improvements to restore the fund.

If the Authority does not have sufficient funds to meet payments or sinking fund contributions on issues having a term of two years or less, the Trustees must levy or impose on all taxable land and improvements in British Columbia rates sufficient to meet the payments.

## **MANAGEMENT DISCUSSION AND ANALYSIS** CONTINUED

### **MANAGEMENT AND STAFF**

The MFA functions with a highly dedicated and professional staff of employees. Employee retention is one of the MFA's key successes with over 60 years of service amongst these nine employees. The Director of Finance and Director of Business Services together have close to 25 years of experience working with the MFA, with the balance of the staff averaging eight years tenure in administering MFA's programs. The specialized nature of the MFA's operations requires a highly trained and efficient staff. As such, the employees are continually updating their education and skills. Employees travel throughout British Columbia to assist our clients with their financial requirements and the borrowing processes.

### **PERFORMANCE MEASUREMENT**

#### ***Independent Credit Rating***

The MFA financial strength is founded in its organizational structure and conservative nature of its clients. Through a combination of checks and balances over the borrowing process, joint and several obligations of regional districts and their member municipalities, a substantial Debt Reserve Fund, and the ability to levy a tax on all property in the Province, the MFA continues to maintain its high credit worthiness. Credit agencies continually rate the MFA and its general obligation debenture debt as the highest investment quality available. Our credit ratings as at December 31, 2010, were Aaa (Moody's Investors Service), AAA (Standard & Poor's), and AAA (Fitch Ratings).

The Commercial Paper Program is also rated with the highest credit worthiness for short-term money market instruments in Canada. Our short-term credit ratings at December 31, 2010, were P-1 (Moody's Investors Service) and A-1 + (Standard & Poor's). All commercial paper issued is secured by two Canadian chartered banks that provide fully dedicated term loan facilities.

### **COST OF BORROWING**

During 2010, the MFA issued two 10-year debentures and measured the performance of its issuances against other senior government and large municipalities in Canada.

On March 31, 2010, we issued a \$205 million 10-year debenture with a return of 4.475% dated June 1, 2010. At the time of this issue, the Government of Canada 10-year bonds were yielding 3.670% while other municipal issuers were returning a yield in the range of 4.55% - 4.75%.

On September 9, 2010, we issued an additional \$230 million of the June 1, 2010 debenture with a return of 3.642%. At the time of this issue, the Government of Canada 10-year bonds were yielding 2.832% while other municipal issuers were returning a yield in the range of 3.85% - 4.05%.

During 2010, we issued over \$3.9 billion in commercial paper ranging in terms from 30 to 90 days with yields comparable to other Provincial issuers. The MFA benchmarks its commercial paper in relation to Government of Canada Treasury Bills.

# MANAGEMENT DISCUSSION AND ANALYSIS CONTINUED

## **RISK MANAGEMENT**

The management of the MFA is responsible for identifying risks and recommending the appropriate policies and framework. The Board of Trustees reviews and approves the risk management policies and associated reporting procedures to enable them to monitor the adherence to these policies.

### ***Market and Interest Rate Risk***

To minimize exposure due to market volatility, the MFA borrows in Canadian dollar denominations only and ensures that all clients are funded at the time market debentures are issued. The MFA cannot invest in any equity securities.

The MFA sets lending rates on its loans to clients such that the cash flow requirement on associated debentures is covered. A refinancing interest rate risk exists for clients with loan terms that extend beyond the term of the related debentures. At refinancing the MFA will reset the lending rate on remaining client loans in relation to the new issuance of debt.

### ***Liquidity Risk***

Liquidity risk is the risk that the MFA will not have sufficient cash to meet its obligations as they become due. The MFA manages its liquidity risk by monitoring its cash flows on a daily basis, maintaining a liquid Debt Reserve Fund (\$108 million as at December 31, 2010), ensuring access to a \$250 million bank facility, and actively participating in the commercial paper market.

The MFA can also invoke the joint and several guarantee of its clients, call outstanding demand notes, and impose a property tax on all taxable land and improvements in British Columbia.

### ***Operational Risk***

Operational risk is the risk associated with a breakdown in internal controls, systems or procedural failures, human errors, or malfeasance. These risks can never be fully eliminated but are minimized by establishing appropriate policies and sound internal controls through segregation of duties, strong accountability and reporting practices, and stringent controls over cash balances and cash movements.

### ***Client Credit Risk***

Credit risk is the risk of loss due to a client failing to meet its obligations to the MFA. Since inception, the MFA has never experienced a loan default. Before any loans are funded, clients must demonstrate the financial capacity to service debt as regulated by the Province and must adhere to a strict borrowing process.

## **MANAGEMENT DISCUSSION AND ANALYSIS** CONTINUED

### **OUTLOOK**

Consensus expectations are that the provincial GDP will continue to grow in 2011 however at a slower pace than 2010. The outlook for the provincial economy is more positive for 2012 and 2013. The recovery of the global economy and its impact on British Columbia is subject to considerable uncertainty.

During the period from 2008 to 2010, the MFA was able to sustain operating revenue levels and increase its retained surplus. We expect moderate growth in all our programs in 2011 and long-term issues will likely be similar to 2010 with an additional refinancing requirement of \$500 million in June. Short-term requirements should also continue at 2010 levels as expectations of low short-term lending rates continue to attract borrowers.

Management will continue to work closely with our clients and our investor community to ensure a successful 2011.

### **FINANCIAL SUMMARY**

The MFA continues to produce positive financial results with surpluses in the Operating Fund, Long-term financing, and the Short-term financing programs. At the end of 2010, a total of \$180 million in surplus was retained reflecting \$10 million in operations and a combined \$170 million in the long and short-term borrowing programs.

During the year, clients of the MFA were allocated \$105 million consisting of surplus payments, forgiven loan repayments, and actuarial adjustments. The combined effect of the surpluses and redistributions to clients resulted in an increase in net assets of \$9.2 million over 2009.

## MANAGEMENT REPORT

The consolidated financial statements of the Municipal Finance Authority of British Columbia (the “Authority”) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management’s opinion, the consolidated financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at March 24, 2011.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel, and appropriate delegation of authority and segregation of responsibilities within the organization.

The financial statements have been examined by KPMG LLP, the Authority’s independent external auditors. The external auditors’ responsibility is to express their opinion on whether the financial statements fairly present, in all material respects, the Authority’s financial position, results of operations, and cash flows in accordance with Canadian generally accepted accounting principles. Their Independent Auditors’ Report, which follows, outlines the scope of their examination and their opinion.

The Board of Trustees, through the Finance and Audit Committee, monitors management’s responsibility for financial reporting and internal controls. The Board or Committee meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Members of the Authority. The external auditors have full and open access to the Board, with and without the presence of management.



Director of Finance  
Victoria, British Columbia, Canada

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# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Municipal Finance Authority of British Columbia ("the Authority"), which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of revenue, expense and net assets and cash flow for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipal Finance Authority of British Columbia as at December 31, 2010 and 2009, and its consolidated results of operations and its consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Victoria, British Columbia, Canada  
March 24, 2011

**MUNICIPAL FINANCE AUTHORITY**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2010 AND 2009**

THOUSANDS OF DOLLARS

	2010	2009
<b>ASSETS</b>		
Loans to clients (Note 3)	\$ 4,758,079	4,663,266
Short-term loans to clients (Note 4)	199,385	450,179
Investments, net of holdings of the Authority (Notes 5 and 6)	1,690,504	1,230,915
Accrued interest and other receivables	98,987	95,822
Cash and cash equivalents	52,976	109,345
Capital assets (Note 7)	655	680
<b>Total Assets</b>	<b>\$ 6,800,586</b>	<b>6,550,207</b>
<b>LIABILITIES</b>		
Long-term debt (Note 8) (Schedule)	\$ 5,932,099	5,679,018
Bank and short-term indebtedness (Note 9)	510,534	549,804
Due to clients (Note 10)	110,169	109,498
Accounts payable and accrued interest payable (Note 11)	67,036	40,257
<b>Total Liabilities</b>	<b>6,619,838</b>	<b>6,378,577</b>
<b>NET ASSETS</b>		
Accumulated net assets (Note 1b)	180,748	171,630
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,800,586</b>	<b>6,550,207</b>

See Accompanying Notes to Consolidated Financial Statements



Director of Finance

# CONSOLIDATED STATEMENTS OF REVENUE, EXPENSE AND NET ASSETS

YEARS ENDING DECEMBER 31, 2010 AND 2009

THOUSANDS OF DOLLARS

	2010	2009
<b>REVENUE</b>		
Interest from loans to clients	\$ 327,740	319,483
Investment income	75,196	61,590
Financial service fees	1,802	2,274
Recoveries from new issues	32	408
Operating levy	211	203
<b>Total Revenue</b>	<b>404,981</b>	<b>383,958</b>
<b>EXPENSE</b>		
Interest on long-term debt	286,316	276,851
Interest on bank and short-term indebtedness	2,621	3,077
Amortization of (premium) discount on debt	(1,600)	2,085
Administration	3,225	3,042
Accrual of investment income due to clients (Note 6)	2,678	3,908
Debt management and marketing	140	253
<b>Total Expense</b>	<b>293,380</b>	<b>289,216</b>
Loss (gain) from change in fair value of derivative instruments	27,689	(40,899)
<b>EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR</b>	<b>83,912</b>	<b>135,641</b>
Accumulated net assets, beginning of the year	171,630	110,252
Allocations to clients (Note 12)	(104,522)	(104,931)
Unrealized gains from change in fair value of available for sale investments	29,728	31,368
Rebates paid	—	(700)
<b>Accumulated Net Assets, end of the year</b>	<b>\$ 180,748</b>	<b>171,630</b>

See Accompanying Notes to Consolidated Financial Statements

**MUNICIPAL FINANCE AUTHORITY**

# CONSOLIDATED STATEMENTS OF CASH FLOW

YEARS ENDING DECEMBER 31, 2010 AND 2009

THOUSANDS OF DOLLARS

	2010	2009
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expense for the year	\$ 83,912	135,641
Non-cash items:		
Gain on disposal of investments	(8,606)	(3,326)
Accretion of discounts on investments	(33,197)	(24,656)
Amortization of (premium) discount on debt	(1,600)	2,085
Accrual of investment income due to clients	2,678	3,908
Amortization on building	25	25
Loss (gain) from change in fair value of derivative instruments	27,689	(40,899)
Changes in accrued interest and other receivables	(3,165)	(3,458)
Changes in accounts payable and accrued interest payable	(910)	(2,698)
<b>Net cash provided by operating activities</b>	<b>66,826</b>	<b>66,622</b>
<b>INVESTING ACTIVITIES</b>		
Investments sold or matured	1,630,496	1,960,122
Investments purchased	(2,016,382)	(1,673,745)
<b>Net cash (applied to) provided by investing activities</b>	<b>(385,886)</b>	<b>286,377</b>
<b>FINANCING ACTIVITIES</b>		
New debt issued	460,286	1,090,525
Debt retired	(207,775)	(772,130)
Loan repayments from clients	789,168	2,012,803
New loans to clients	(725,996)	(2,626,062)
Bank indebtedness and commercial paper issued	9,498,845	8,318,466
Bank indebtedness and commercial paper repaid	(9,538,116)	(8,344,291)
Contribution from clients for new loans	4,818	6,480
Contributions and earnings thereon refunded to clients	(6,810)	(4,658)
Payments of surplus to clients (Note 12)	(11,451)	(22,640)
Payments of sewer and water grants to clients	(278)	(649)
Rebates paid	—	(700)
<b>Net cash provided by (applied to) financing activities</b>	<b>262,691</b>	<b>(342,856)</b>
(Decrease) increase in cash and cash equivalents	(56,369)	10,143
Cash and cash equivalents, beginning of the year	109,345	99,202
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 52,976</b>	<b>109,345</b>

Supplementary cash flow information (Note 13)

See Accompanying Notes to Consolidated Financial Statements

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDING DECEMBER 31, 2010 AND 2009

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Presentation

The Municipal Finance Authority of British Columbia (the “Authority”), operates under the *Municipal Finance Authority Act* (the “Act”) as a central borrowing agency for the financing of capital requirements of regional districts and their member municipalities, regional hospital districts, and special purpose other municipal bodies (collectively the “clients”). The Authority issues its own securities and lends the proceeds to clients at whose request the financing is undertaken. Obligations of the Authority are not obligations of the Province of British Columbia and are not guaranteed, directly or indirectly, by the Province.

The Authority may annually impose rates not exceeding prescribed amounts on all taxable land and improvements in the Province to meet the annual operating budget. Additional rates will be levied if the Board of Trustees is of the opinion that debt repayments may not be recovered within a reasonable time under the loan agreements with clients.

Under Section 149 (1) (c) of the *Income Tax Act*, the Authority is exempt from income taxes.

The accompanying financial statements reflect the capital financing and general operations of the Authority. The Authority also has established pooled investment funds which are reported on separately.

The financial statements of the Authority have been prepared by management in accordance with Canadian generally accepted accounting principles. The Authority maintains its accounts according to the principles of fund accounting by which financial resources are segregated for specific activities or to attain certain objectives. The primary activity of the Authority is the provision of financial services to clients which are recorded in the Debt Fund. In addition, the *Act* provides for an Operating Fund and Debt Reserve Fund which are also included in the consolidated financial statements.

### DEBT FUND

The Authority’s financing activities on behalf of clients are recorded within the Debt Fund. As well, the Debt Fund is a repository for repayments from clients under their loan agreements in advance of the Authority’s requirements on its related indebtedness.

The Debt Fund also includes a short-term financing program to provide funding to local governments under *Section 11* of the *Act*. The *Act* was amended in 1992 to extend financing to other public institutions (as defined) in the Province of British Columbia.

The fund provides a revolving credit facility for clients under two programs:

*Interim Financing Program* – for tax revenue anticipation, interim funding requirements and temporary financing of capital projects.

*Leasing Program* – for funding short-term leasing of capital assets.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

### **OPERATING FUND**

The *Act* provides for the establishment of an Operating Fund to meet the annual operating budget. In addition to the administration of the Debt Fund activities, the Operating Fund receives financial service fees from the Authority's Pooled Investment Funds (reported on separately) and the Short-term Financing Program and pays the cost of their operations (see note 16).

### **DEBT RESERVE FUND**

Under the *Act*, the Authority must establish a Debt Reserve Fund. Each regional district sharing in the proceeds of a securities issue is required to pay into the Debt Reserve Fund: (a) an amount equal to one-half the average annual installment of principal and interest in respect of its own borrowing, and (b) an amount equal to one-half the average annual installment of principal and interest as set out in the borrowing agreements entered into with its member municipalities. Such amounts are payable either in full or in an amount equal to 1% of the total 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 (see note 6).

#### ***b. Accumulated Net Assets***

The accumulated net assets balance primarily represents undistributed and unallocated earnings on investments in excess of budgeted actuarial earnings and are paid to clients once their loan obligation is extinguished and the associated funding debenture is retired. The amount of net assets re-allocated to clients is disclosed in the Consolidated Statements of Revenue, Expense and Net Assets (see note 12).

The Authority has no authorized or issued share capital.

The Authority may appropriate operating fund net assets for future expenses.

#### ***c. Revenue 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 by August 1st each year.

#### ***d. Issue costs***

Issue costs consisting of discounts and premiums are amortized on an effective yield basis over the lives of the securities to which they relate and presented as an offset to long-term debt.

Transaction costs on issuance of long-term debt are recognized in the Consolidated Statements of Revenue, Expense and Net Assets in the period incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### *e. Investments*

The investment purchasing and trading policy of the Authority is to match the maturity of investments with the applicable obligation dates of the related debt.

Although investments are typically held to maturity, all investments have been designated as available for sale and stated at fair value. Changes in fair value are reflected as an increase or decrease in net assets until realized.

In determining fair value, adjustments have not been made for transaction costs as they are not considered significant. Any unrealized change in fair value is reflected in net assets and subsequently transferred to the Consolidated Statements of Revenue, Expense and Net Assets when realized.

Fair values of investments are determined at quoted market prices where available. Where quoted active market prices are not available, estimated fair values are calculated using comparable securities.

### *f. Capital Assets*

Capital assets are stated at cost. Amortization of the building is provided on a straight-line basis over 40 years.

### *g. Financial Instruments*

The Authority is authorized to enter into financial contracts that may be considered hedging transactions. These transactions include forward interest rate contracts on behalf of clients and certain derivative instruments where established cash flow streams are exchanged for a future cash payment upon contract maturity. The Authority does not conduct derivative trading or contracting for trading gain.

Forward interest rate contracts are derivative contracts with various financial institutions that provide clients with a fixed lending rate for a predetermined period of time, commencing at a specified future date. At the specified future date, the Authority settles the derivative contract with the financial institution and recovers the settlement cost from the client over the remaining term of the loan. The Authority no longer enters into forward interest rate contracts on behalf of clients.

As part of the sinking fund investment practices, the Authority may purchase derivative or cash flow annuity contracts with institutions whereby the Authority sells a cash flow stream of principal collections from a client or group of clients to an institution for a future lump sum principal amount. The Authority will enter into these contracts to achieve fixed yields to meet actuarial requirements or to aggregate cash flows which could not be effectively invested by themselves due to the magnitude of individual transactions. Fair values of these instruments are determined using market prices for the underlying derivative instrument.

The Authority determines whether hedge accounting can be applied when the individual derivative contracts are first established. Derivatives that qualify for hedge accounting are accounted for on an accrual basis. The Authority explicitly demonstrates that hedges

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

are effective in order to continue accrual accounting. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge or the derivative is terminated or sold. If a derivative contract becomes ineffective or if the derivative is not designated as a hedge, any subsequent change in the fair value of the hedging instrument is recognized in earnings.

During the years presented, no derivative contracts were accounted for under hedge accounting. Derivative contracts are recorded on the balance sheet at the fair value within accounts payable and accrued interest payable.

All loans to clients, long-term debt, bank and short-term indebtedness, due to clients and receivables and payables are classified as loans and receivables or other liabilities and are recorded at amortized cost using the effective interest rate method.

### ***h. Measurement Uncertainty***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of the financial statements include the assumption of an expected earnings rate on sinking funds, (5 % up to and including Issue 88 and 4 % on issues thereafter) which makes up a portion of the asset "Loans to clients" (see note 3).

### ***i. Comparative Figures***

Certain 2009 comparative figures have been reclassified to conform to the financial statement presentation for the current year.

## **2. FUTURE ACCOUNTING CHANGES**

The Canadian Institute of Chartered Accountants will transition Canadian generally accepted accounting standards for publicly accountable entities to International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The Authority is assessing the applicability and potential impact of these standards on its financial statements. The impact of the transition to IFRS on the Authority's financial statements has not yet been fully determined.

## **3. LOANS TO CLIENTS**

Loans are initially measured at fair value and subsequently reflected at amortized cost using the effective interest method. The Authority conducts an annual evaluation of loan impairment to determine if an impairment writedown is necessary. A reduction in the carrying value of a loan may be recovered by an offsetting transfer from the Debt Reserve Fund and ultimately through a levy on taxable land and improvements if it is believed that payments under loan agreements may not be recovered within a reasonable time.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The aggregate principal payments recoverable from clients in each of the next five years and aggregated to maturity (excluding principal payments suspended as outlined in Note 12) are as follows:

THOUSANDS OF DOLLARS	
2011	<b>\$ 280,977</b>
2012	<b>274,960</b>
2013	<b>264,866</b>
2014	<b>244,100</b>
2015	<b>232,327</b>
2016 – 2020	<b>937,742</b>
2021 and thereafter	<b>799,217</b>
	<b>\$ 3,034,189</b>

Also included in Loans to clients are budgeted non-cash actuarial adjustments of \$1,723,890,051 (2009 - \$1,680,847,134) which represent the estimated interest income on the investment portfolio for principal payments collected from clients and invested by the Authority until the related debt is retired. As principal payments are received the associated actuarial adjustments are credited to the loan balance outstanding.

When the Authority, under Section 14 of the *Act* and with the approval of the Inspector of Municipalities, has determined that the amount of the assets in the sinking fund together with the anticipated earnings for that fund is greater than the amount which will be required to repay the debt or discharge the obligation and has declared that there is an anticipated surplus in the fund of a specified amount, the scheduled future payments of both principal and interest from clients under the related loan agreements are suspended.

#### 4. SHORT-TERM LOANS TO CLIENTS

Short-term loans receivable represent loans for the following purposes:

THOUSANDS OF DOLLARS		
	2010	2009
Tax revenue anticipation	<b>\$ 200</b>	—
Temporary financing of capital projects	<b>149,170</b>	395,242
Short-term capital borrowing	<b>2,150</b>	2,883
Short-term leases of capital equipment	<b>47,865</b>	52,054
	<b>\$ 199,385</b>	450,179

Short-term leases of capital equipment bear interest at a rate of prime minus 1% while all other short-term loans are charged interest based on the daily 30-day Canadian Dollar Offered Rate (CDOR) plus 0.50%. All short-term loans carry a maximum term of five years.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

### **5. INVESTMENTS, NET OF HOLDINGS OF THE AUTHORITY**

Investments consist of the following fixed income securities:

<i>THOUSANDS OF DOLLARS</i>						
	<i>Within 1yr</i>	<i>1-3 yrs</i>	<i>3-5 yrs</i>	<i>over 5 yrs</i>	<b>2010</b>	2009
Government of Canada	4,997	5,439	-	62,283	<b>\$ 72,719</b>	5,460
Provincial governments	61,853	101,459	74,046	537,222	<b>774,580</b>	614,774
Chartered banks	123,377	95,097	52,728	387,776	<b>667,978</b>	551,549
Credit Unions	129,924	-	-	-	<b>129,924</b>	—
Pooled Investment Funds	-	-	-	-	<b>—</b>	35,501
Local governments	20,100	-	171	25,032	<b>45,303</b>	23,631
	<i>349,251</i>	<i>201,995</i>	<i>126,945</i>	<i>1,012,313</i>	<b>\$ 1,690,504</b>	1,230,915

Investments in Government of Canada, Provincial governments, and Chartered banks may be direct or guaranteed.

Investments in the Pooled Investment Funds are investments in the Authority's own pooled funds which are unit holdings of fixed income securities established under Section 16 of the *Act*. These funds are managed externally by Phillips, Hager & North Investment Management Ltd. and are reported on separately.

The Authority may invest monies in its own securities maturing not later than the securities for which the sinking fund was created. At December 31, 2010, the Authority held \$157,975 (2009 – \$2,328,370) of its own debentures, as investments, repurchased from the market. These investments have been offset against the related debt in the consolidated financial statements.

### **6. DEBT RESERVE FUND**

The Debt Reserve Fund holds assets as security for debenture payments to bondholders. 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. The balance held in the Debt Reserve Fund is as follows:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Cash	<b>\$ 23,608</b>	58,721
Accrued interest receivable	<b>368</b>	188
Investments	<b>84,315</b>	48,697
	<b>\$ 108,291</b>	107,606

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Included in Investments, net of holdings of the Authority are investments of the Debt Reserve Fund:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Government of Canada	<b>\$ 66,772</b>	4,568
Provincial governments	<b>7,664</b>	11,173
Chartered banks	<b>9,777</b>	28,900
Local governments	<b>102</b>	4,056
	<b>\$ 84,315</b>	48,697

Also integral to the Debt Reserve Fund, but not presented on the balance sheets, are Demand Notes Receivable from clients of \$244,289,059 (2009 – \$241,837,164) which are entered into upon commencement of a loan and are callable on demand to meet Authority obligations. Once clients have made the final payment under their respective loan agreements the demand notes will be extinguished. For financial statement presentation these demand notes receivable have been classified as an offset against Due to clients, reflecting their contingent nature. Throughout the history of the organization, the Authority has never called upon any demand note.

If the Board of Trustees of the Authority is of the opinion that the payments made from the Debt Reserve Fund may not be recovered under the terms of the loan agreements within a reasonable time, they may levy or impose upon substantially all taxable land and improvements in the Province of British Columbia, 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 50 percent of the amount that would have been in the fund had no such payments been made.

During the year, the Debt Reserve Fund recognized total revenue of \$2,766,179 (2009 – \$4,004,157) and incurred total expenses of \$88,619 (2009 – \$96,148). Included in accumulated net assets is a mark-to-market valuation loss on the investments of \$55,521 (2009 – \$784,150 gain). The Authority's practice is to hold investments until maturity to minimize the impact of fluctuations of market pricing on investment values. The excess of revenue over expenses in the fund was \$2,677,560 (2009 – \$3,908,009) and is allocated as an Accrual of investment income due to clients.

### 7. CAPITAL ASSETS

Capital assets represent the net book value of the land and building out of which the Authority operates. The land and building, purchased at an original cost of \$998,000, is reflected net of accumulated amortization of the building of \$342,917 (2009 – \$317,985).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 8. LONG-TERM DEBT

The aggregate long-term debt maturities in each of the next five years and aggregated to maturity are as follows (including provision for early calls by the Authority and redemptions at the option of the bondholder):

<i>THOUSANDS OF DOLLARS</i>	
2011	<b>\$ 566,577</b>
2012	<b>446,587</b>
2013	<b>389,280</b>
2014	<b>670,140</b>
2015	<b>212,074</b>
2016 – 2020	<b>3,192,269</b>
2021 and thereafter	<b>455,172</b>
	<b>\$ 5,932,099</b>

Client bylaw terms (up to 30 years) may not coincide with the Authority’s debenture term (usually 10 years), and therefore many client borrowing requests require refinancing. Scheduled refinancing over the next five years, and the current average interest rates on the refinanced amounts, are as follows:

<i>THOUSANDS OF DOLLARS</i>	REFINANCING	AVERAGE EXISTING INTEREST RATE
2011	<b>\$ 500,000</b>	5.90 %
2012	<b>141,000</b>	5.25
2013	<b>224,000</b>	4.89
2014	<b>206,000</b>	3.85
2015	<b>102,000</b>	4.23

## 9. BANK AND SHORT-TERM INDEBTEDNESS

The Authority has an agreement under which a chartered bank provides a revolving credit facility of up to \$250,000,000. Under that agreement, the Authority may borrow at a daily floating rate based on the prime rate or at negotiated rates for fixed terms up to one year in length. Floating-rate borrowings are subject to repayment within 30 days following demand by the bank while fixed-term borrowings are repayable at maturity.

The Authority operates a \$500,000,000 commercial paper facility which allows for the issuance of short-term notes in the name of the Authority of up to 365 days in duration and requires a fully secured standby line of credit from one or more chartered banks.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Bank and short-term indebtedness consists of:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Credit facility – floating	<b>\$ 10,852</b>	—
Credit facility – fixed	<b>—</b>	49,992
Commercial paper	<b>499,682</b>	499,812
	<b>\$ 510,534</b>	549,804

As at year end, the interest rate on the floating credit facility was 1.10% (2009 – 2.25%) and the fixed credit facility was 1.70% (2009 – 0.90%).

As at year end, the interest rate on commercial paper issued ranged from 0.99% to 1.09% with an average rate of 1.01% (2009 – 0.23% to 0.36% with an average rate of 0.25%).

Clients may choose terms on their long-term loans ranging from 5 to 30 years. Since most debenture debt issued to finance these loans matures in 10 years, debt refinancing is required. Refinancing is undertaken either through the issuance of a new debenture or the use of short-term facilities. This decision is reached based on the Authority's assessment of current market conditions and sinking fund positions. Bank and short-term indebtedness at year end includes \$65,580,960 (2009 – \$29,127,347) relating to debt issues refinanced through proceeds from short-term facilities.

### 10. DUE TO CLIENTS

Due to clients consists of:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Amounts to be repaid to clients on loan repayment	<b>\$ 108,291</b>	107,606
Sewer and Water Facilities assistance grants	<b>274</b>	530
Earnings on grant monies invested until payment	<b>1,604</b>	1,362
	<b>\$ 110,169</b>	109,498

Included in amounts Due to clients is \$108,291,092 (2009 – \$107,606,759) which will be repaid to clients when they have made the final payment under their respective loan agreements. However, if a municipality has discharged a loan obligation to a regional district, the Authority may then repay to the regional district, for the credit of the municipality, a portion of the money which is an obligation to the regional district and the money so paid may be applied to reduce that obligation.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

Scheduled payments to clients in each of the next five years and to the maturity of all loans is as follows:

<i>THOUSANDS OF DOLLARS</i>	
2011	<b>\$ 4,029</b>
2012	<b>5,428</b>
2013	<b>6,858</b>
2014	<b>6,468</b>
2015	<b>3,299</b>
2016 – 2020	<b>25,521</b>
2021 and thereafter	<b>56,688</b>
	<b>\$ 108,291</b>

Included in the amounts Due to clients are sewer and water facilities assistance grant monies payable to regional districts and municipalities. Prior to March 2002, certain regional districts and municipalities with sewer and/or water facility loans outstanding would receive semi-annual grant funding from the Province of British Columbia to offset a portion of annual debt servicing costs incurred. Between March 2002 and September 2004, the Authority received lump sum payments totaling \$42,186,418 from the Province for application towards these loans outstanding. The Authority is responsible for distributing these payments to clients on a semi-annual basis as related principal and interest payments are received from clients.

Total distributions of these funds out to the expiry date of the applicable sewer and/or water loans are estimated to be \$278,372 (2009 – \$556,744). As at December 31, 2010, the present value of that liability, \$273,675 (2009 – \$530,672), has been recognized with an offsetting amount invested in securities to mature at the required values. The obligations under these sewer and/or water loans will be distributed in full by July 2011. Also included in Due to clients is surplus earnings of \$1,603,894 (2009 – \$1,362,206) on these securities.

### **11. ACCOUNTS PAYABLE AND ACCRUED INTEREST PAYABLE**

Accounts payable and accrued interest payable consists of:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Interest payable – Long-term debt	<b>\$ 37,290</b>	37,681
Derivative contracts	<b>29,085</b>	1,397
Other payables	<b>661</b>	1,179
	<b>\$ 67,036</b>	40,257

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Derivative contracts consist of forward interest rate swaps, which are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount. These contracts are entered into as devices to control interest rate risk. Notional amounts represent the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not recorded on the consolidated balance sheets. The credit risk related to derivative contracts is limited to the amount of any adverse change in interest rates applied on the notional contract should the counterparty default. It is the Authority's policy that any loss incurred on the derivative contract is charged to the client, for whom the contract was established, thereby passing on the credit risk to the client requesting interest rate certainty.

THOUSANDS OF DOLLARS

	Notional amount	Weighted average interest rate	2010	2009
Interest Rate Swaps	\$ 587,342	5.28 %	<b>\$ 29,085</b>	1,397

The following summarizes the maturities of derivative contracts:

THOUSANDS OF DOLLARS

2010				2009			
Less than 1 year		More than 1 year		Less than 1 year		More than 1 year	
Notional amount	Weighted average interest rate	Notional amount	Weighted average interest rate	Notional amount	Weighted average interest rate	Notional amount	Weighted average interest rate
<b>\$33,774</b>	<b>5.84%</b>	<b>\$553,568</b>	<b>5.24%</b>	—	—	\$587,342	5.28 %

### 12. ALLOCATIONS TO CLIENTS

Allocations to clients comprise the total of surpluses earned (excess earnings) by the investments relating to specific debenture issues that have matured and were distributed back to clients for whom the financing was undertaken. Accruals of investment income due to clients and allocations of net earnings to clients, which apply to the Debt Reserve Fund, are shown separately. During the year, the following surpluses were allocated:

THOUSANDS OF DOLLARS

	2010	2009
Cash surplus repayments	<b>\$ 11,451</b>	22,640
Future invoice payments forgiven	<b>4,509</b>	1,536
Actuarial earnings recognized	<b>88,562</b>	80,755
	<b>\$ 104,522</b>	104,931

Included in the 2010 Actuarial earnings recognized is \$34,489,973 (2009 – \$31,648,832) of accrued earnings calculated from the last principal payment dates to December 31, 2010.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

### **13. SUPPLEMENTARY CASH FLOW INFORMATION**

During the year, the Authority received the following cash payments:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Interest from clients – long-term debt	<b>\$ 322,798</b>	322,197
Interest from clients – short-term debt	<b>3,840</b>	3,612
Interest from investments	<b>34,243</b>	41,996

During the year, the Authority made the following cash payments:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Interest on long-term debt	<b>\$ 286,708</b>	279,431
Interest on short-term indebtedness	<b>2,621</b>	3,077

The amounts shown on the Consolidated Statements of Revenue, Expense and Net Assets are recorded on an accrual basis and may differ from the information presented above on a cash basis.

### **14. FINANCIAL INSTRUMENTS**

#### ***a. Risk Management***

The Authority has a restrictive investment policy as defined in the *Act* which limits investments to fixed income securities of the Government of Canada and its agencies, Provinces in Canada, local governments in Canada, Canadian chartered banks, and Canadian saving institutions. No equity investments are permitted.

All long-term loans to clients are approved according to Provincial legal and financial requirements and each loan request must be reviewed by the Members of the Authority prior to funding. One percent of each borrowing request must be deposited as a refundable cash contribution and held in the Debt Reserve Fund as security against possible loan default. Furthermore, the Authority has the power to levy a province-wide property tax to meet operational requirements.

#### ***b. Liquidity Risk***

Liquidity risk is the risk that a portfolio may not be able to settle or meet its obligation on time or at a reasonable price.

Each loan request is funded at the time the Authority raises funds in capital markets and the cash flow on debt repayment is matched to the cash flow on loan collections. The Authority monitors cash resources daily and continually reviews future cash flow requirements to ensure obligations are met.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The Authority maintains an active commercial paper program of \$500 million, has access to bank demand facilities of \$250 million, and maintains a Debt Reserve Fund which is available to ensure timely payment of its obligations.

### *c. Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Although investments are purchased with the intention to hold to maturity, they are designated as available for sale. Changes in the fair value of investments have parallel changes in value in net assets. Investment trading will only occur if the transaction is within the investing policy and enhances the overall position of the portfolio. Trading is not done on speculation of interest rate changes and investments are not liquidated in response to declines in market prices.

The Authority sets the lending rates on loans at similar rates to the yield realized on debenture issuances such that the cash flow obligations on the debentures and the related loans financed are matched. Any changes in interest rates during the period in which loans and the related debentures are outstanding will have no impact on operations.

Upon maturity of certain debt issues, the Authority may refinance any remaining loans receivable balances associated with those debt issues through the Authority's short-term credit facilities. At year end, \$65,580,960 (2009 – \$29,127,347) of these loans outstanding were subject to floating interest rates. As at December 31, 2010, the floating rate was 1.250% (2009 – 0.700%) while the related relending of these funds ranged from 3.000% to 7.250% (2009 – 3.150% to 7.250%). During the year, interest in the amount of \$305,357 (2009 – \$496,742) was paid to the short-term credit facilities on these loans.

### *d. Credit Risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment.

The investment portfolio is restricted to investment grade (BBB or higher) fixed-income securities with the preservation of principal as the highest priority.

Clients requesting loans must first comply with provincially imposed financial criteria which define borrowing limits and assess the ability to service new and existing debt. Within each Regional District, each member municipality has joint and several obligations for all long-term loans undertaken. The general credit strength of each individual municipality supports the credit worthiness of the Authority.

For transactions that engage financial institutions as counterparties, the Authority will only enter into agreements with Schedule I or Schedule II banks with a credit rating of single A or better.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

### ***e. Other Price Risk and Currency Risk***

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

All loans and long-term debt are recorded at amortized cost using the effective interest method. Clients that pay out loan obligations prior to maturity must cover all cash flow requirements to that maturity date.

The Authority is not subject to currency risk. The functional currency is the Canadian dollar and all transactions are denominated in Canadian dollars.

### ***f. Derivatives***

The Authority has entered into financial agreements to hedge investment yields with third-party financial institutions whereby the Authority will make periodic payments in exchange for certain future cash receipts. At year end, the future payments under these contracts due to the Authority is \$227,815,480 (2009 – \$237,626,920) while related principal payments by the Authority towards those contracts are \$103,571,738 (2009 – \$95,419,738).

As at December 31, 2010, a liability was recorded in accounts payable and accrued interest payable which represents the fair value of derivative instruments of \$29,085,205 (2009 – \$1,397,080). The liability arises from the current market valuation of contracts that have preset future lending rates on client loan agreements. This valuation recognizes the difference between the present value of the stated interest rate in the contracts and the prevailing market rate discounted to December 31, 2010. At execution date of the contracts, any difference between the contract rate on the client's loan and the market rate on the Authority's debenture will be realized. The value at this time will either be collected from the client or from the financial institution with the intention that the Authority will remain cash neutral in the transaction.

### ***g. Fair Value***

Fair value represents the estimated consideration that would be agreed upon in a current transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the value of the consideration given or received. Subsequent to initial recognition, financial instruments measured at fair value that are quoted in active markets are based on bid prices. For certain investments and derivative contracts where an active market does not exist, fair values are determined using valuation techniques that refer to observable market data, including discounting cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The fair value of financial assets recorded on the consolidated balance sheets at fair value was determined using published market prices quoted in active markets (referred to as Level 1) and estimated using a valuation technique based on observable market data (referred to as Level 2). The fair value of liabilities recorded on the consolidated balance sheets

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

at fair value (derivatives contracts) was determined using a valuation technique based on observable market data. There were no financial instruments measured using unobservable market data (referred to as Level 3) or transfers of financial instruments between valuation levels during 2010 or 2009.

The carrying values of cash and cash equivalents, other receivables, other payables, and bank and short-term indebtedness approximate their fair value due to the relatively short term to maturity of the instruments.

The carrying value of Due to clients approximates fair value based on the fair value of the underlying investments.

The fair values of other financial assets and liabilities included in the Consolidated Balance Sheets at carrying amount are as follows:

THOUSANDS OF DOLLARS				
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
		2010		2009
Loans to clients	\$ 4,758,079	5,107,941	4,663,266	4,888,414
Short-term loans to clients	199,385	199,385	450,179	450,179
Long-term debt	5,932,099	6,284,341	5,679,018	5,927,046

Fair values were estimated as follows:

*Loans to clients* – based on prices equivalent to the related long-term debt for each issuance.

*Short-term loans to clients* – based on effective yield basis that approximates cost.

*Long-term debt* – based on yield to maturity on first call date using appropriate spreads over Canada Bonds as a benchmark.

### 15. CAPITAL MANAGEMENT

The Authority manages its capital, defined as accumulated net assets, with an objective to safeguard the ability to continue as a going concern, and to preserve investor, creditor, and market confidence while maintaining uninterrupted access to capital markets and bank loan facilities.

The Authority monitors its debt servicing costs and matches those obligations to cash flows arising from the lending of funds with the goal of providing clients with low-cost financing.

The Authority has no regulatory or externally imposed capital requirements; however, the bank has imposed certain covenants in connection with the short-term loan facilities. As at December 31, 2010 and 2009 the Authority was in compliance with these covenants. There were no changes to the approach to capital management during the year.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 16. OPERATING FUND

Included in the Consolidated Balance Sheets of the Authority are the following assets and liabilities of the Operating Fund:

<i>THOUSANDS OF DOLLARS</i>		
	<b>2010</b>	2009
Cash and cash equivalents	<b>\$ 8,036</b>	7,215
Accrued interest and other receivables	<b>304</b>	346
Capital assets	<b>655</b>	680
<b>Total Assets</b>	<b>\$ 8,995</b>	8,241
Accounts payable	<b>\$ 376</b>	790
Net assets	<b>8,619</b>	7,451
<b>Total Liabilities, Equity and Net Assets</b>	<b>\$ 8,995</b>	8,241

During the year, the Operating Fund recognized total revenue of \$3,773,706 (2009 – \$4,739,242) and incurred total expenses of \$2,605,876 (2009 – \$2,954,664). The Operating Fund also declared program participation rebates payable to clients in the amount of NIL (2009 – \$700,000). Included in Net assets is \$1,432,705 (2009 - \$1,462,945) that has been appropriated for future expenses.

*mfa*

**MUNICIPAL FINANCE AUTHORITY**

**SCHEDULE OF LONG-TERM DEBT**

**DECEMBER 31, 2010 AND 2009**

THOUSANDS OF DOLLARS

ISSUE / SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
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PAYABLE IN CANADIAN DOLLARS - ISSUED BY THE AUTHORITY

55CP	1993	May 12, 2013	8.750	\$ 50,000
63DK	2005	December 1, 2010	4.000	121,000
71DS	2009	June 1, 2014	3.100	440,000
74CX	2001	June 1, 2011	5.900	491,800
78CZ	2002/2003	December 3, 2012	5.250	340,000
80CV	2003	October 3, 2011 - 2012	4.700 - 4.850	130,700
80DA	2003	December 3, 2013	4.900	288,300
81DB	2004	April 22, 2011 - 2013	4.600 - 4.950	40,000
85DC	2004	December 2, 2014	4.900	180,000
86DD	2004	December 2, 2024	5.350	50,000
87DP	2008	May 1, 2011	3.850	19,000
91	2005	March 16, 2010	3.250	220
92DF	2005	April 6, 2011 - April 6, 2015	4.250 - 4.700	63,400
93DG	2005	April 6, 2025	4.978	118,300
95DH	2005	October 13, 2015	4.150	167,000
96DI	2005	April 2, 2026	4.600	50,000
97DL	2006	April 19, 2016	4.650	715,000
98	2006	May 15, 2011	4.000	175
101DM	2007	December 1, 2017	4.800	500,000
102DN	2007	December 1, 2027	4.950	310,000
103DO	2008	April 23, 2018	4.600	440,000
104DQ	2008	November 20, 2018	5.100	400,000
105DR	2009	June 3, 2019	4.875	630,000
110DT	2010	June 1, 2020	4.450	435,000
			carried forward	5,979,895

	2010	2009	
	LONG-TERM OUTSTANDING	LONG-TERM OUTSTANDING	REFERENCES
	\$ 50,000	50,000	(1)
	—	121,000	(1)
	440,000	440,000	(1)
	491,800	491,800	(1)
	340,000	340,000	(1)
	33,400	50,100	(1)
	288,300	288,300	(1)
	11,250	15,500	(1)
	180,000	180,000	(1)
	50,000	50,000	(1)
	19,000	19,000	(1)
	—	220	(1) (2)
	42,900	47,000	(1)
	96,349	100,794	(1)
	167,000	167,000	(1)
	50,000	50,000	(1)
	715,000	715,000	(1)
	175	175	(1) (2)
	500,000	500,000	(1)
	310,000	310,000	(1)
	440,000	440,000	(1)
	400,000	400,000	(1)
	630,000	630,000	(1)
	435,000	—	(1)
	<b>5,690,174</b>	5,405,889	

*continued on next page*

**MUNICIPAL FINANCE AUTHORITY**

**SCHEDULE OF LONG-TERM DEBT**

**DECEMBER 31, 2010 AND 2009**

THOUSANDS OF DOLLARS

ISSUE / SERIES	YEAR OF ISSUE	MATURITY DATE	INTEREST RATE PERCENT	ORIGINAL AMOUNT
			brought forward	\$ 5,979,895

PAYABLE IN CANADIAN DOLLARS - TRANSFERRED FROM THE PROVINCE OF BC:

514 to 628	1999	Feb. 21, 2011 - Nov. 30, 2023	7.500 - 10.750	297,929
713	1999	July 21, 2010	5.741	418,830
903	1996	January 9, 2012	9.500	33,000
912	1996	January 9, 2012	9.500	24,000
				6,753,654

PAYABLE IN CANADIAN DOLLARS - ISSUED THROUGH FEDERATION OF CANADIAN MUNICIPALITIES:

1	2003	March 14, 2010	3.490	1,455
2	2003	March 31, 2013	3.710	2,100
3	2004	June 11, 2014	3.182	20,000
4	2005	June 6, 2015	2.900	11,310
5	2009	October 30, 2019	1.920	1,492
6	2009	November 16, 2029	2.230	1,769
7	2010	January 29, 2020	1.830	500
				38,626

PAYABLE IN CANADIAN DOLLARS - ISSUED THROUGH CANADA MORTGAGE AND HOUSING CORPORATION:

	2010	October 1, 2025	3.350	10,187
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Debt due to bondholders \$ 6,802,467

Less: Amounts held as investments by the Authority:

Unamortized issue premium:

Long-term debt

<u>2010</u> <b>LONG-TERM OUTSTANDING</b>	<u>2009</u> LONG-TERM OUTSTANDING	REFERENCES
<b>\$ 5,690,174</b>	5,405,889	
<b>107,929</b>	126,238	(1) (3)
—	38,262	(1) (4)
<b>33,000</b>	33,000	(1) (5)
<b>24,000</b>	24,000	(1) (5)
<b>5,855,103</b>	5,627,389	
—	206	(1) (6)
<b>630</b>	840	(1) (6)
<b>20,000</b>	20,000	(1) (6)
<b>11,310</b>	11,310	(1) (6)
<b>1,492</b>	1,492	(1) (6)
<b>1,724</b>	1,769	(1) (6)
<b>475</b>	—	(1) (6)
<b>35,631</b>	35,617	
<b>10,187</b>	—	(1) (7)
<b>5,900,921</b>	5,663,006	
<b>158</b>	2,328	
<b>(31,336)</b>	(18,340)	
<b>\$ 5,932,099</b>	5,679,018	

## **REFERENCES TO SCHEDULE OF LONG-TERM DEBT**

### **DECEMBER 31, 2010 AND 2009**

- 1 Non-callable prior to maturity.
- 2 Five-year Community Bond.
- 3 Debt issues, relating to the Regional Hospital Districts, transferred from the Province of British Columbia to the Authority under a defeasance agreement dated March 31, 1999. The debt outstanding remains in the name of the Province. Debt is comprised of 26 debenture issues averaging \$4,151 million each. Individual issue detail is not shown.
- 4 Debt issues, relating to TransLink, transferred from the Province of British Columbia to the Authority under a defeasance agreement dated March 31, 1999. The debt outstanding remains in the name of the Province.
- 5 Debenture issues, relating to the Greater Vancouver Water and the Greater Vancouver Sewerage & Drainage Districts, transferred from the Province of British Columbia to the Authority on April 1, 1996. The debt outstanding remains in the name of the Province.
- 6 Debentures issued through the Federation of Canadian Municipalities and administered by the Authority.
- 7 Debentures issued through the Canada Mortgage and Housing Corporation and administered by the Authority.

# SCHEDULE OF LOANS TO CLIENTS

UNAUDITED - OUTSTANDING AT DECEMBER 31, 2010

THOUSANDS OF DOLLARS (EXCEPT PER CAPITA)							
	PRINCIPAL OUTSTANDING DEC. 31, 2009	NEW LOANS 2010	LOANS REPAID 2010	PRINCIPAL OUTSTANDING DEC. 31, 2010	per capita	PRINCIPAL TO BE REPAID (Note b)	per capita
<b>REGIONAL DISTRICTS</b> (Note a)							
Alberni-Clayoquot	\$ 19,666	—	1,595	<b>18,071</b>	589	9,849	321
Bulkley-Nechako	7,743	757	993	<b>7,507</b>	196	4,845	127
Capital	463,333	62,549	39,774	<b>486,108</b>	1,408	324,929	941
Cariboo	34,748	6,070	3,019	<b>37,799</b>	608	22,511	362
Central Coast	268	—	15	<b>253</b>	79	102	32
Central Kootenay	43,170	12,136	2,996	<b>52,310</b>	936	29,669	531
Central Okanagan	209,830	54,199	16,761	<b>247,268</b>	1,524	161,318	994
Columbia Shuswap	86,525	10,913	3,679	<b>93,759</b>	1,870	53,725	1,071
Comox Valley	62,462	2,600	5,407	<b>59,655</b>	1,619	35,692	969
Cowichan Valley	42,931	7,377	2,836	<b>47,472</b>	617	28,383	369
East Kootenay	43,168	7,136	5,534	<b>44,770</b>	807	31,172	562
Fraser-Fort George	117,448	3,452	9,708	<b>111,192</b>	1,205	65,492	710
Fraser Valley	185,081	10,750	9,330	<b>186,501</b>	726	113,144	440
Greater Vancouver (Note c)	2,215,944	156,825	213,710	<b>2,159,059</b>	1,020	1,387,300	655
Kitimat-Stikine	20,869	11,866	1,563	<b>31,172</b>	797	19,581	501
Kootenay Boundary	21,801	1,785	2,190	<b>21,396</b>	696	13,682	445
Mount Waddington	6,366	—	565	<b>5,801</b>	498	3,564	306
Nanaimo	72,637	5,089	6,341	<b>71,385</b>	515	45,112	325
North Okanagan	108,633	9,647	6,786	<b>111,494</b>	1,442	68,519	886
Northern Rockies	19,015	—	712	<b>18,303</b>	2,978	9,959	1,620
Okanagan-Similkameen	117,554	12,683	8,889	<b>121,348</b>	1,527	80,488	1,013
Peace River	97,740	94,235	6,460	<b>185,515</b>	3,184	110,685	1,900
Powell River	8,017	72	1,132	<b>6,957</b>	355	4,052	207
Skeena-Queen Charlotte	15,572	—	919	<b>14,653</b>	745	8,618	438
Squamish-Lillooet	68,088	—	3,615	<b>64,473</b>	1,830	40,456	1,149
Strathcona	13,328	635	3,091	<b>10,872</b>	168	6,672	103
Sunshine Coast	48,752	294	2,648	<b>46,398</b>	1,671	28,585	1,030
Thompson-Nicola	102,981	10,561	8,440	<b>105,102</b>	859	71,409	584
<b>OTHER</b>							
E-COMM	97,740	—	3,444	<b>94,296</b>	39	53,033	22
CREST	19,411	—	1,653	<b>17,758</b>	51	12,170	35
TransLink	292,445	—	13,013	<b>279,432</b>	132	189,472	90
	\$ 4,663,266	481,631	386,818	<b>4,758,079</b>	1,157	\$ 3,034,188	738

**Note a** Included in each Regional District's loan balance is its associated Regional Hospital District debt. As at year end the loan balances attributed to these Regional Hospital Districts is \$539,357,723 (2009 - \$321,248,109).

**Note b** The Authority finances client borrowing requests through the issuance of bullet debentures. Clients in turn discharge their loan obligations with annual principal repayments which are invested until the maturity date of the associated financing debenture. The Authority budgets to earn a specified return on these investments and annually credits the clients' loan balances with this amount. The difference between the Principal Outstanding of \$4,758,079,000 and the Principal To Be Repaid of \$3,034,188,000 represents expected future earnings by the Authority.

**Note c** Included in the Greater Vancouver loan balance outstanding are borrowings of the region's transportation authority (TransLink) in the amount of \$1,157,225,333 (2009 - \$1,240,769,410) which are in the name of and administered through the Greater Vancouver Regional District. Direct borrowings of TransLink are shown under OTHER loan balances. Both loans portfolios are joint and several obligations of the underlying municipalities within the Greater Vancouver region.

## MUNICIPAL FINANCE AUTHORITY

# FIVE-YEAR REVIEW

<i>THOUSANDS OF DOLLARS</i>	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
Loans to clients	\$ 4,758,079	4,663,266
Short-term loans to clients	199,385	450,179
Investments, net of holdings of the Authority	1,690,504	1,230,915
Investments under management	—	—
Accrued interest and other receivables	98,987	95,822
Cash and cash equivalents	52,976	109,345
Capital assets	655	680
<b>Total Assets</b>	<b>\$ 6,800,586</b>	<b>6,550,207</b>
<b>LIABILITIES AND NET ASSETS</b>		
Long-term debt	\$ 5,932,099	5,679,018
Bank and short-term indebtedness	510,534	549,804
Due to clients	110,169	109,498
Due to clients - investments under management	—	—
Accounts payable and accrued interest payable	67,036	40,257
<b>Total Liabilities</b>	<b>6,619,838</b>	<b>6,378,577</b>
Accumulated net assets	180,748	171,630
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,800,586</b>	<b>6,550,207</b>
<b>REVENUE</b>		
Interest from loans to clients	\$ 327,740	319,483
Investment income	75,196	61,590
Financial service fees	1,802	2,274
Recoveries from new issues	32	408
Operating levy	211	203
<b>Total Revenue</b>	<b>404,981</b>	<b>383,958</b>
<b>EXPENSE</b>		
Interest on long-term debt	286,316	276,851
Interest on bank and short-term indebtedness	2,621	3,077
Amortization of (premium) discount on debt	(1,600)	2,085
Administration	3,225	3,042
Allocation of investment income due to clients	2,678	3,908
Debt management and marketing	140	253
Loss (gain) from change in fair value of derivative instruments	27,689	(40,899)
<b>Total Expense</b>	<b>321,069</b>	<b>248,317</b>
Excess of revenue over expense for the year	83,912	135,641
Accumulated net assets, beginning of the year	171,630	110,252
Effect of adoption of new accounting policies	—	—
Allocations to clients	(104,522)	(104,931)
Unrealized gains (losses) from change in fair value of available for sale investments	29,728	31,368
Rebates paid	—	(700)
<b>Accumulated Net Assets, end of the year</b>	<b>\$ 180,748</b>	<b>171,630</b>

2008	2007	2006
4,397,126	4,058,809	3,464,840
185,226	168,980	109,169
1,456,908	1,327,491	1,294,111
—	—	60,567
92,367	121,656	121,811
99,202	9,547	15,297
705	730	755
6,231,534	5,687,213	5,066,550
5,357,506	4,889,753	4,427,449
575,629	511,517	260,189
104,292	98,405	98,438
—	—	60,567
83,855	57,954	59,545
6,121,282	5,557,629	4,906,188
110,252	129,584	160,362
6,231,534	5,687,213	5,066,550
302,490	284,738	271,051
67,191	67,097	65,326
1,714	1,488	1,306
429	429	429
160	197	161
371,984	353,949	338,273
259,600	239,166	233,118
15,386	19,827	12,606
5,244	7,012	5,038
2,603	2,825	1,913
5,156	2,680	6,912
223	264	197
33,164	6,205	5,604
321,376	277,979	265,388
50,608	75,970	72,885
129,584	160,362	173,781
—	15,174	—
(87,000)	(120,318)	(85,704)
17,760	(904)	—
(700)	(700)	(600)
110,252	129,584	160,362

## MUNICIPAL FINANCE AUTHORITY

# BOND ISSUES

CANADIAN DOLLAR BONDS ISSUED IN CANADA

ISSUE / SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 2010 \$(000)	INTEREST
55CP	8.750% Debentures due May 12, 2013	May 12, 1993	50,000	50,000	Semi-annual May 12 November 12
71DS	3.100% Debentures due June 1, 2014	June 1, 2009	440,000	440,000	Semi-annual June 1 December 1
74CX	5.900% Debentures due June 1, 2011	April 4, 2001	491,800	491,800	Semi-annual June 1 December 1
78CZ	5.250% Debentures due December 3, 2012	October 3, 2002	340,000	340,000	Semi-annual June 3 December 3
80CV	4.700 - 4.850% Serial Debentures due October 3, 2011 - 2012	October 3, 2003	130,700	33,400	Semi-annual April 3 October 3
80DA	4.900% Debentures due December 3, 2013	December 3, 2003	288,300	288,300	Semi-annual June 3 December 3
81DB	4.600 - 4.950% Serial Debentures due April 22, 2011 - 2013	April 22, 2004	40,000	11,250	Semi-annual April 22 October 22
85DC	4.900% Debentures due December 2, 2014	October 25, 2004	180,000	180,000	Semi-annual June 2 December 2
86DD	5.350% Debentures due December 2, 2024	October 25, 2004	50,000	50,000	Semi-annual June 2 December 2
87DP	3.850% Debentures due May 1, 2011	May 1, 2008	19,000	19,000	Semi-annual May 1 November 1
92DF	4.250 - 4.700% Serial Debentures due April 6, 2011 - 2015	April 6, 2005	63,400	42,900	Semi-annual April 6 October 6

DENOMINATIONS	CALL PROVISION	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	2011 - 16,700 2012 - 16,700	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	
Fully registered \$1,000 and multiples thereof	Non-callable	2011 - 4,250 2012 - 3,500 2013 - 3,500	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	2011 - 4,050 2012 - 4,050 2013 - 3,900 2014 - 3,900 2015 - 27,000	N/A	BNY Trust Company of Canada

## MUNICIPAL FINANCE AUTHORITY

# BOND ISSUES

CANADIAN DOLLAR BONDS ISSUED IN CANADA

ISSUE / SERIES	DESCRIPTION	DATED	AUTHORIZED \$(000)	OUTSTANDING DECEMBER 31, 2010 \$(000)	INTEREST
93DG	4.978% Amortizing Debentures due April 6, 2025	April 6, 2005	118,300	96,349	Semi-annual April 6 October 6
95DH	4.150% Debentures due October 13, 2015	October 13, 2005	167,000	167,000	Semi-annual April 13 October 13
96DI	4.600% Debentures due April 2, 2026	October 13, 2005	50,000	50,000	Semi-annual April 2 October 2
97DL	4.650% Debentures due April 19, 2016	April 19, 2006	715,000	715,000	Semi-annual April 19 October 19
98	4.000% Debentures due May 15, 2011	May 15, 2006	175	175	Annual May 15
101DM	4.800% Debentures due December 1, 2017	October 10, 2007	500,000	500,000	Semi-annual June 1 December 1
102DN	4.950% Debentures due December 1, 2027	November 1, 2007	310,000	310,000	Semi-annual June 1 December 1
103DO	4.600% Debentures due April 23, 2018	April 23, 2008	440,000	440,000	Semi-annual April 23 October 23
104DQ	5.100% Debentures due November 20, 2018	November 20, 2008	400,000	400,000	Semi-annual May 20 November 20
105DR	4.875% Debentures due June 3, 2019	April 21, 2009	630,000	630,000	Semi-annual June 3 December 3
110DT	4.450% Debentures due June 1, 2020	April 8, 2010	435,000	435,000	Semi-annual June 1 December 1

DENOMINATIONS	CALL PROVISION	SINKING FUND OR MATURITIES NEXT 5 YEARS \$(000)	RETRACTION OR EXTENSION	REGISTRAR AND TRANSFER AGENT
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$100 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Fully registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Full registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Full registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada
Full registered \$1,000 and multiples thereof	Non-callable	None	N/A	BNY Trust Company of Canada

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