Municipal Finance Authority of British Columbia

Full Rating Report

Ratings

Long-Term Issuer Default Rating	AAA

Rating Outlook

Stable

Related Research

Fitch Affirms Municipal Finance Authority of British Columbia, Canada at 'AAA'; Outlook Stable (April 2018)

Fitch Affirms Province of British Columbia, Canada's Rating at 'AAA'; Outlook Stable (June 2018)

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Key Rating Drivers

Robust Institutional Framework and Authority: The 'AAA' ratings are supported by the strong institutional framework under which the Municipal Finance Authority of British Columbia (MFABC, or the authority) operates in Canada (IDR 'AAA'/Outlook Stable). MFABC retains independent fiscal authority, including its statutory requirement to levy an unlimited provincewide property tax to maintain the debt reserve fund (DRF). Within the broad constitutional and statutory limits of the provincial and federal governments, the authority functions relatively autonomously.

Robust Economic Base: British Columbia's diverse and deep economy provides a robust base for MFABC's unlimited taxing power. GDP growth exceeds most other provinces, although it remains below its pre-recession pace. The province is a key contributor to Canada's overall economic profile with provincial real GDP in 2016 accounting for approximately 13% of national GDP. Distribution across sectors is similar to national distribution, although natural resources are critical for portions of the province's vast interior. Other sectors including financial activities and education and health services, based mainly in Vancouver and other urban areas, are significantly larger components of the province's GDP.

Strong Debt Profile: Management of authority debt is conservative and sophisticated. MFABC issues bullet maturities and benefits from excellent access to capital, as demonstrated through credit facilities and frequent long- and short-term borrowings to finance client loans. MFABC also retains modest operating and debt reserves (via its DRF) as well as more than C$3 billion in sinking fund set-asides.

Conservative Management: The authority's legal structure, careful oversight, stringent and regimented credit-approval process all support well-organized debt financing. MFABC's outstanding debt is all fixed rate with no foreign exchange risk.

Limited Operating Risk: MFABC functions as a financing entity for local and regional governments within the province, with very limited operating demands. Within this narrow scope, the authority typically generates annual operating surpluses.

Rating Sensitivities

Taxing Power and Economic Base: The rating is sensitive to a change in the robust institutional framework, including the authority's unlimited taxing power, and the overall trajectory of British Columbia's economy and the MFABC's property tax base.

Rating History

Rating	Action	Outlook/ Watch	Date
AAA	Affirmed	Stable	4/30/18
AAA	Assigned	Stable	3/15/07

Credit Profile

Created in 1970, MFABC is the borrowing vehicle for virtually all municipalities and regional districts in the Province of British Columbia. The City of Vancouver operates under its own charter and issues its own debt, and the South Coast British Columbia Transportation Authority (TransLink) began funding its own debt directly in 2008. For all other entities, the authority provides financing for general municipal projects, water and sewer infrastructure, and transportation. The joint and several pledge supporting MFABC's debt issuance requires all member governments within a regional district to satisfy the obligations of a deficient borrower within the district and ultimately requires the borrower to repay the authority for any deficiency.

In the event a municipality could not meet its payments, MFABC would draw first on its DRF. The authority also maintains a C$100 million line of credit available for any short-term disruption (with Canadian Imperial Bank of Commerce, IDR 'AA–'/Negative Outlook) and ultimately benefits from its ability to levy ad valorem taxes provincewide.

Taxing Authority Provides Key Backstop

The authority is statutorily required to levy a provincewide tax should the DRF fall below 50% of its required level. The size of the levy is limited to restoring the DRF to its required level. British Columbia's property tax base is very large at $1.64 trillion and the authority levies a nominal annual property tax (approximately C$300,000 annually) primarily to maintain the property tax mechanism.

Security

DRF Provides Initial Bondholder Protection

The security for the authority's outstanding debentures is ultimately linked to MFABC's available liquidity and its requirement to levy a provincewide ad valorem tax to restore the DRF following a borrower default. In such a scenario, MFABC has the legal authority to first draw on its DRF to ensure timely debt service payments. Practically, Fitch Ratings anticipates the authority could also access its unrestricted liquidity, in the form of MFABC's Strategic Retention Fund (SRF), as an initial step.

Per the authority's authorizing legislation, upon receiving a loan, an amount equal to one-half of average annual principal and interest must be paid to the DRF by the regional district where the borrower is located. The requirement may be met by a combination of cash equal to 1% of the total principal amount borrowed and a demand note for the remainder. The DRF balance totaled C$109 million at Dec. 31, 2017, with C$26 million held in cash and the balance in investments, primarily debt of the Canadian, provincial or local governments. Fitch views the vast majority as highly liquid, and MFABC reports 90% are available within one day's notice. Demand notes associated with the DRF totaled an additional C$222 million as of year-end 2017. MFABC has never needed to draw on the DRF or a demand note.

The province is legally required to ensure the DRF is maintained, and the province's inspector of municipalities may analyze the DRF to ensure compliance.

Related Criteria

International Local and Regional Governments Rating Criteria — Outside the United States (April 2016)

Province-Wide Security

Any DRF withdrawal would be subsequently recouped from the defaulting borrower's regional district. Loans to any borrower are joint and several obligations of all municipalities within the borrower's regional district. MFABC's board can choose to levy a provincewide property tax to restore the DRF if the board deems timely repayment unlikely. Under statute, the authority must impose a tax levy when the balance in the DRF falls below 50% of the balance it would otherwise be had no DRF payments been made. The levy amount cannot exceed the amount needed to restore the DRF.

Although the authority has never levied taxes due to loan delinquencies, it annually collects a small notional amount of property taxes (C$371,000 in 2017) to ensure the levy-raising system remains active and functioning. These funds are used for general authority operations.

The province's property tax base is substantial, with approximately two million properties on the tax roll and an assessed valuation of C$1.64 trillion in 2017. This was up a robust 12% from the prior year.

Property tax rates are determined in March of each calendar year based on an annual reassessment process. Property tax bills display separately each component of the levy, including a line item for the amount assessed by the authority. Property taxes are due July 2 of each year. Delinquent taxes receive a 10% penalty after the due date, and by December, additional penalties are accrued. By December of the following year, overdue payments are officially deemed delinquent, and by September of the third year, the property is subject to seizure.

Additional Liquidity Available

Pending collection of such a levy, the authority has access to several internal and external resources to ensure liquidity needs, including bond payments; these include the DRF, the SRF and a C$100 million external bank line of credit currently with Canadian Imperial Bank of Commerce (CIBC; IDR rated 'AA–'/Negative by Fitch) and available with one day's notice. MFABC established the SRF in 2011, capturing certain operating earnings, including interest on unused CP resources. As of year-end 2017, the fund held C$64 million. The authority projects the SRF will reach C$89 million by 2020.

Broad Economic Base

Leading up to the Great Recession, British Columbia's growth rate outpaced national trends and the downturn was somewhat less severe in the province than for the nation as a whole. While the province's initial recessionary recovery was somewhat less robust than the nation's, recent performance has been stronger. In 2016, 3.5% real GDP growth exceeded the national gain of 1.4% and led all provinces.

The provincial government's forecast for GDP growth in 2017 and 2018 of 2.9% and 2.1% growth, respectively, is ahead of its national growth forecasts of 2.7% in 2017 and 1.8% in 2018. Fitch's March 2018 Global Economic Outlook reported more robust 3% national growth in 2017 and projects 2% in 2018. British Columbia's employment growth (measured by the Labour Force Survey) accelerated in 2017, increasing 3.7% versus 2.3% national growth.

Population growth should continue, though likely at lower rates than recent years. British Columbia's current population of approximately 4.8 million is up 12% since 2007. Economic weakness in neighboring Alberta had driven inter-provincial migration into British Columbia but that trend has slowed as Alberta's economy has strengthened. International migration will likely support continued population gains in British Columbia.

Fitch views potential slowdowns in the U.S. and Canadian economies as key economic risks for British Columbia. The province appears well-positioned to withstand natural resource-driven challenges at the national level given its economic diversity. Given the close linkage with the neighboring U.S. economy, unanticipated weakness there or disruptions to longstanding trade agreements could have quick and significant implications for the province's economy. Despite a more diversified export base, notably in Asia, the U.S. remains the destination for the majority of British Columbia's exports.

Prudent Debt Management

Management of authority debt is conservative and sophisticated. The authority closely manages its debt burden to a relatively modest level relative to the economic resource base. Outstanding MFABC debt consists of approximately C$7.5 billion in debentures and approximately C$700 million in commercial paper (CP) generally used for interim financing.

The long-term debentures are issued in bullet maturities, which expose MFABC to refinancing risk although demonstrated access to Canada's well-established capital markets are an offsetting factor. In addition, the authority's loans to clients, which the debentures finance, rely on a sinking fund structure whereby the borrowers make regular amortization payments.

MFABC invests these payments under strict statutory guidelines with the majority in federally or provincially-guaranteed securities. The authority returns all excess earnings on sinking fund investments to its borrowers, once sinking funds have earned enough to satisfy associated debenture debt service requirements. This sinking fund methodology effectively reduces borrowing costs, as investment earnings on the sinking funds typically are large enough to cover one-quarter to one-third of principal.

Outstanding MFABC gross debt totaled C$8.2 billion at year-end 2017 and consisted of short-term CP ($700 million) and debentures ($7.5 billion). Net of sinking funds and the DRF, the balance of debentures was C$4.2 billion. Relative to the assessed property tax base for the authority, net debt outstanding (C$5 billion, including CP) remained very modest at 0.3%. Net debt equaled C$1,031 per capita at year-end 2017, up slightly from C$960 in 2016.

The authority is an active issuer, typically selling debentures two to four times a year, both to finance new loan activity and to refinance maturing debentures for existing loans to local governments. Loan maturities typically extend for 19–20 years from origination. The volume of issuance varies annually, reflecting both new loan activity and refinancings. In 2017, long-term borrowing totaled C$956 billion, down from C$1.5 billion in the prior year as fewer refinancings were required and new loan funding decreased.

The authority maintains ample capacity for additional issuance and anticipates continuing the recent increase in issuance volume over the next several years with growth primarily in new money borrowing. Major capital projects, including water and sewer projects in Metro Vancouver (the operating name of the Greater Vancouver regional district) and projects for regional hospital districts, will increase new money borrowing up to a projected C$959 million in 2020 from C$670 million in 2017. Accounting for maturities, MFABC projects net long-term debt will reach C$5.2 billion in 2020 from 2017's level of C$4.2 billion.

Expanded CP Program Effectively Meets Interim Borrower Needs

The CP program benefits from substantial internal liquidity support, as well as dedicated lines of credit provided by CIBC and National Bank of Canada (IDR A+/Outlook Stable). When the authority increased the CP program to $700 million several years ago, MFABC increased the dedicated lines of credit to maintain 50% coverage of the full CP program. Fitch views these measures as prudent and characteristic of the authority’s approach to debt management.

MFABC has never failed to remarket its full program. The CP program is backed by two Canadian chartered banks — CIBC and National Bank of Canada (NBC; IDR rated A+/Stable by Fitch) — that each provide C$175 million in dedicated lines of credit with same-day access to funds. The lines are 364-day term loan facilities and mature on separate dates, providing additional flexibility in the event of market disruption. The authority increased the lines from the previous level of C$125 million each in conjunction with the increase in CP program size. The new amounts provide 50% coverage of the C$700 million CP program.

By practice, MFABC maintains the outstanding CP lines at or near the maximum, using the resources for interim financing between debenture sales and short-term capital loans and lease financings for local borrowers. Any remaining amounts are available to augment internal balances, with interest earnings intended to supplement the SRF.

Well-Managed Loan Portfolio

Facilitating local borrowing remains MFABC's primary function and prudent management of the loan portfolio supports profitability. The authority has never had a payment default from one of its borrowers, nor has it needed to levy property taxes or draw on fiscal reserves to cure a debt service deficiency.

The process for accessing MFABC financing is stringent, generally requiring provincial government, local voter and regional administrative district approvals prior to review by MFABC. Municipalities' use of debt is restricted to capital purposes, and payments for debt cannot exceed 25% of a municipality's recurring revenues.

As of Dec. 31, 2017, MFABC had C$4.4 billion in outstanding principal on loans to clients (net of sinking funds). Approximately 50% of the loan balances outstanding are to Greater Vancouver municipal entities, including TransLink, the regional transportation authority. New long-term loans increased steadily to more than C$500 million in 2017 from C$380 million in 2016. MFABC anticipates growth will continue as Metro Vancouver in particular implements a sizable capital plan to service an expanded economic base.

MFABC's borrowers in aggregate saw revenue growth in 2017, with revenues up a solid 3% over the prior year to an estimated C$14.1 billion. Borrower reserves of C$10.8 billion in fiscal 2017 were equal to a strong 77% of total client revenues. Reserves also covered recoverable principal on outstanding loans from MFABC to borrowers (adjusted for MFABC's estimate for sinking fund earnings) by 3x.

In addition to its loan program, MFABC also provides financial education services for member governments and manages a pooled investment plan on their behalf. The authority typically generates an operating surplus with roughly C$3 million gained from operations in 2017. For the past several years the authority has been building those surpluses up in a Strategic Retention Fund that provides additional liquidity.

Stringent Loan-Approval Process

MFABC has a conservative approach both to loan origination and monitoring of municipalities' fiscal health once loans are made. The scope of capital projects determined at the local level is generally limited to water and wastewater, health-related facilities (outside Vancouver) and certain transportation infrastructure; the province itself continues to finance most other public services. With the exception of the city of Vancouver, all local governments must undertake long-term capital loans (five- to 30-year maturities) through MFABC, and may undertake short-term bridge or equipment financing through the authority as well.

Local governments undergo a rigorous and lengthy process to secure authority financing to ensure both broad support for the financed project and the prospective borrower's ability to service the resulting loan. The local electorate, the regional district (of which there are 28) and the provincial inspector of municipalities must approve a proposed borrowing. The local entity's senior government, typically the regional district, is instrumental, operating as a pass-through of both loan proceeds and repayments, and helping to ensure the ongoing credit quality of borrowers in its jurisdiction.

Regional districts also utilize the MFABC for their own loans, as do several other subprovincial governmental entities. These include regional hospital districts, the Greater Vancouver Water District (GVWD), the Greater Vancouver Sewerage and Drainage District (GVSDD) and the South Coast British Columbia Transportation Authority (TransLink, which is no longer an active borrower of new money since 2008). Loan-approval processes for these other entities are similar to the process for local governments and similarly require ultimate sign-off from the provincial government.

MFABC can review a borrowing request only after that request has received all other required authorizations. The authority actively monitors the strength of each municipality's revenue sources to gauge borrowing capacity. For most borrowers, loan payments cannot exceed 25% of recurring revenues, but actual borrowing levels are typically much lower.

For local government loans, a loan agreement between MFABC and the regional district, and a second loan agreement between the regional district and the borrowing entity bind all parties and establish the joint and several nature of the regional district's pledge. The loan agreements stipulate loan terms, including payment dates, sinking fund payment amounts and deposit requirements. The agreement between the authority and the regional district is approved by both parties and the provincial inspector of municipalities. The agreement between the regional district and local government establishes the pass-through nature of the regional district's role and, for municipalities, is signed by the mayor and treasurer.

Once all approvals and agreements are in place, the loan proceeds are sent to the regional government, which, in turn, provides them to the local entity. Loans can range in term from five to 30 years. Borrowers make interest and sinking fund payments to the respective regional government, which, in turn, forwards the payment to MFABC.

Financed projects may be fee supported or covered by a general pledge of the borrower's revenues. Outstanding loans for user fee-supported water and sewer systems represent about one-third of outstanding debt. Debt service as a percentage of total borrower revenues has been gradually declining to just below 5% at the end of 2017, reflecting the modest burden imposed by authority loans.

Sinking Fund Structure Reduces Loan Repayments

Borrowers benefit from MFABC's investment management of sinking fund resources. Forecast earnings on sinking fund deposits are calculated at an actuarial rate and are applied to early loan amortization. If actual sinking fund earnings fail to achieve the target, MFABC may raise the borrower's sinking fund payment requirement. Fitch notes the authority retains the ability to revise the rate of anticipated earnings (which it has done in recent years), to adjust the amount of principal actually paid to it by borrowers.

Earnings in excess of the actuarial rate are applied to early loan repayment. Once MFABC and the province's inspector of municipalities determine that previous sinking fund payments and earnings exceed the remaining loan balance, repayments are suspended, and the loan is declared repaid. The authority estimates that, as of Dec. 31, 2017, principal to be repaid by borrowers totaled approximately 64% of net loans outstanding. The balance of outstanding loans is expected to be paid from sinking fund earnings.

Concentrated Loan Portfolio

The geographic concentration of loans in the Vancouver area will remain an ongoing feature of the authority, given the rapid growth and dynamism of the region relative to the rest of the vast expanse of BC (rural BC). Metro Vancouver (excluding the city of Vancouver, which does not borrow through MFABC) makes up approximately one-half of outstanding loans; of the Metro Vancouver component, a significant share of borrowings remains outstanding for TransLink, which ceased borrowing through the authority in 2009.

Water and sewer projects, already approximately one-third of outstanding loans, will continue to be a primary driver. In Metro Vancouver, the GVWD and GVSDD estimate approximately C$700 million in new MFABC borrowing in 2020, up from C$100 million in 2017. Much of the demand will be from compliance requirements for new federal environmental standards. Other regional districts anticipate similar water and sewer needs, albeit on a smaller scale.

TransLink was created in 1998 by the Greater Vancouver Transportation Authority Act to address long-standing needs in transit and local roadway infrastructure. TransLink serves the region with a network of buses, trains, ferries and roadways. A combination of user fees and dedicated fuel and property taxes finances operations and supports debt service, including for MFABC loans and TransLink revenue bonds.

TransLink’s share of the authority’s outstanding borrowings declined to 15% in 2017 from 18% the prior year and 24% in 2013. This share will continue declining as prior borrowings through MFABC mature. Outstanding loan repayments to MFABC from TransLink are on parity with TransLink’s own revenue bonds. As with all MFABC borrowers, the system’s available revenues constrain its borrowing capacity; by statute, TransLink cannot budget a deficit, ensuring that its revenue streams support its debt issuance.

Borrowing by rural BC municipalities is limited and likely to remain so given the slower relative growth outside Metro Vancouver. Additionally, BC has provided substantial capital grants for water and sewer and other needs to municipalities outside Vancouver over the past few decades, and, thus, their capital needs are relatively low and relate primarily to recreational projects and essential infrastructure, such as roadway improvements. Rural BC municipalities are subject to risks associated with the region’s resource-focused economy, particularly communities dependent on a single industry or single facility.

Borrower Monitoring Supports Timely Repayments

MFABC actively monitors the fiscal soundness of borrowers once a loan is made and benefits from regional district and provincial oversight of local governments. MFABC and the province regularly review municipal financial performance. The province requires local governments to pass balanced budgets and monitors local audits through the inspector of municipalities.

Financial and Debt Indicators

(C$ Mil. except as noted. Years Ended Dec. 31

	2013	2014	2015	2016	2017
Population (thousands)[a]	4,582	4,631	4,683	4,752	4,817
Assessed Value[b]	978,163	988,805	1,047,133	1,470,000	1,640,000
Debt Outstanding					
Gross Debt Outstanding (excluding transaction costs)	7,027	7,232	7,570	8,073	8,236
Commercial Paper	500	500	550	700	700
Debentures	6,527	6,732	7,020	7,373	7,536
Sinking Funds	2,212	2,468	3,088	3,403	3,624
Debt Reserve Fund (DRF)	100	104	108	108	109
Debentures Net of Sinking Funds and DRF	4,215	4,160	3,824	3,862	3,803
Net Debt Outstanding	4,715	4,660	4,374	4,562	4,503
Strategic Retention Fund	—	—	47	55	64
Net Debentures per Capita	920	898	817	813	789
Net Debentures/Assessed Value (%)	0.43	0.42	0.37	0.26	0.23
Net Debt per Capita	1,029	1,006	934	960	935
Net Debt/Assessed Value (%)	0.48	0.47	0.42	0.31	0.27
Loans Outstanding					
Loans Receivable					
Loans to Clients	4,448	4,377	4,300	4,288	4,402
Principal Recoverable (To Be Paid)	2,770	2,735	2,689	2,696	2,822
Principal Recoverable/Net Loans (%)	62.3	62.5	62.5	62.9	64.1
Debt Service Costs	634	597	548	658	659
Interest Costs	291	272	264	268	277
Loans per Capita	971	945	918	902	914
Loans/Assessed Value (%)	0.45	0.44	0.41	0.29	0.27
Principal Recoverable per Capita	605	590	574	567	586
Principal Recoverable/Assessed Value (%)	0.28	0.28	0.26	0.18	0.17
Loans Outstanding to Translink[c]	1,058	931	840	765	663
Loans Outstanding to Greater Vancouver[d]	1,167	1,232	1,248	1,340	1,449
Translink/Loans (%)	24	21	20	18	15
Greater Vancouver/Loans (%)	26	28	29	31	33
Borrower Profile					
Borrower Revenues	11,600	12,100	12,600	13,700	14,100
Annual % change	0.0	4.3	4.1	8.7	2.9
Debt Service/ Borrower Revenues (%)	5.5	4.9	4.3	4.8	4.7
Borrower Reserves	6,400	7,200	8,100	9,700	10,800
Annual % Change	0.0	12.5	12.5	19.8	11.3
Debt Service/ Borrower Reserves (%)	9.9	8.3	6.8	6.8	6.1
Borrower Reserves/Borrower Revenues (%)	55.2	59.5	64.3	70.8	76.6
Borrower Reserves/Loans (x)	1.44	1.64	1.88	2.26	2.45
Borrower Reserves/Principal Recoverable (x)	2.31	2.63	3.01	3.60	3.83

[a]Population as of July 1, Statistics Canada. [b]Assessed value from BC Assessment. [c]Translink includes direct borrowings of Translink and those in the name of the Greater Vancouver Regional District but repaid by Translink (C$490 million in 2017). [d]Greater Vancouver is net of Translink borrowings noted above. Source: Municipal Finance Authority of British Columbia, except as otherwise noted.

Consistent and Conservative Management Practices

The authority's limited responsibilities and conservative historical practices support the 'AAA' rating. In addition to its loan program, MFABC also provides financial education services for member governments and manages a pooled investment plan on their behalf. Facilitating local borrowing remains MFABC's primary function.

The authority was created in 1970 by the Municipal Finance Authority Act. In addition to facilitating debt issuance on behalf of over 200 entities, the authority monitors the financial performance of its borrowers, sets financial management parameters and determines the debt capacity for each individual government in conjunction with the province's Ministry of Municipal Affairs & Housing.

Members of the authority are elected officials appointed by the regional boards in each of the 28 regional districts. The 39 members, who represent regional districts based on population, are responsible for review of all financing requests and approval of the nominal annual tax levy and operating budget. The members also appoint 10 trustees, including a chair and vice chair, to oversee executive and administrative duties and to issue and sell securities sufficient to fund loan requests.

MFABC's board exercises careful oversight of debt issuance, and determines rates, terms and conditions for sale, including the markets and currencies. Of the 10 trustees, four must be from Metro Vancouver, at least one from the capital district (on Vancouver Island, where BC's capital, Victoria, is located) and five from the remaining regional districts. The full board of members meets twice annually, and the 10 trustees meet regularly to set policy, review the loan portfolio and review financing needs.

Authority Finances Managed Prudently

MFABC's fiscal profile is generally stable, with healthy surpluses generated from a limited scope of operations, buttressed with strong liquidity. Apart from the revenues and expenses associated with loan and debt repayments, the authority relies on a small basket of service fees to support basic services and generates a surplus from normal operations. A provincewide property tax levy generates only nominal revenues but ensures a viable mechanism in the event the levy is needed to meet debt service commitments.

The authority is adept at managing the liquidity needs of its outstanding debt and loan portfolios while maintaining sufficient cushion to cover any unexpected needs. MFABC relies primarily on earnings from investment activities and certain management fees from its programs to cover operating needs. The authority issues financial statements under International Financial Reporting Standards.

MFABC's annual financial results reflect the fluctuations of loan activity, as well as debt issuance, refunding and maturities. Excluding loan and debt activity, the authority typically generates a strong operating margin; in 2017, MFABC earned C$3.3 million in net income in its operating fund, equivalent to a 53% margin. Cash and investments on an consolidated, all-funds basis, which include invested resources of the SRF, the DRF, the sinking fund and other internal balances, remained sizable in 2017 at more than C$4 billion, up slightly from $3.8 billion in 2016. The authority is statutorily restricted to conservative fixed-income securities, including issuances from the government of Canada, Canadian agencies, provinces, local governments and chartered Canadian banks and saving institutions.

Long-term loan balances net of principal payments to the sinking fund increased modestly to C$4.4 billion in 2017. MFABC's total liabilities reflect both the authority's own short- and long-term borrowings, as well as earnings on funds payable to borrowers, including excess sinking fund earnings. The authority's C$100 million credit facility has been untapped since 2010. With establishment of the CP funding program, the authority does not anticipate drawing on the credit facility for typical liquidity needs.

Consolidated Financial Results

(C$000), Years Ended Dec. 31)

	2013	2014	2015	2016	2017
Balance Sheet					
Assets					
Cash And Cash Equivalents	60,050	70,404	140,220	203,619	289,093
Investments, Net of Holdings	2,506,485	3,006,309	3,305,574	3,613,272	3,781,880
Short Term Loans to Clients	211,482	239,121	303,158	318,188	279,409
Long-Term Loans to Clients	4,447,662	4,376,473	4,299,992	4,288,088	4,401,677
Other Assets	73,664	73,196	79,509	84,153	92,062
Total Assets	7,299,343	7,765,503	8,128,453	8,507,320	8,844,121
Liabilities					
Short-Term Debt	499,796	499,699	549,779	699,676	699,420
Long-Term Debt	6,526,539	6,732,257	7,020,403	7,373,389	7,642,664
Due To Clients, Incl. Investments Under Management	99,564	104,204	107,642	107,910	108,708
Other Liabilities	82,943	129,611	138,691	54,122	43,383
Total Liabilities	**7,208,842**	**7,465,771**	**7,816,515**	**8,235,097**	**8,494,175**
Equity					
Equity in Capital Assets					
Surplus and Other Net Assets					
Accumulated Other Comprehensive Income	8,083	276,919	300,889	252,165	315,480
Retained Earnings	82,418	22,813	11,049	20,058	34,466
Total Equity	**90,501**	**299,732**	**311,938**	**272,223**	**349,946**
Total Liabilities and Equity	**7,299,343**	**7,765,503**	**8,128,453**	**8,507,320**	**8,844,121**
Income Statement					
Revenue					
Interest From Loans to Clients	289,370	276,250	268,206	263,378	260,430
Investment Income	105,233	108,876	119,767	133,227	137,158
Operating Levy	247	251	264	295	371
Other Revenue	57,654	15,440	16,094	19,040	26,756
Total Revenue	**452,504**	**400,817**	**404,331**	**415,940**	**424,715**
Expenditures					
Interest on Long-Term Debt	277,610	275,999	274,238	269,006	276,768
Interest on Short-Term Debt	5,392	5,229	3,759	3,867	5,451
Amortization Of Issue and Other Costs	3,888	4,068	4,147	4,539	4,704
Other Spending	(466)	71,396	31,179	17,373	4,681
Total Spending	**286,424**	**356,692**	**313,323**	**294,785**	**291,604**
Excess Of Revenue over Expenditure/Current Balance/Operating Balance	166,080	44,125	91,008	121,155	133,111
Other Comprehensive. Income	(183,449)	268,836	23,970	(48,724)	63,315
Total Comprehensive Income for the Year	**(17,369)**	**312,961**	**114,978**	**72,431**	**196,426**

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.