

Appendices

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Appendix I

Sections of the Auditor General Act Relevant to the Responsibilities of the Auditor General

EXAMINATION OF ACCOUNTS

6. (1) The Auditor General shall examine in the manner he considers necessary the accounts and records of the government relating to the consolidated revenue fund and all public money, including trust and special funds under the management of the government, and to public property.

(2) Notwithstanding any other Act, the Auditor General

- (a) shall be given access to the records of account and administration of any ministry; and
- (b) may require and receive from any person in the public service, information, reports and explanations necessary for the performance of his duties.

REPORT ON FINANCIAL STATEMENTS

7. (1) The Auditor General shall report annually to the Legislative Assembly on the financial statements of the government, including those required by section 8(2) of the *Financial Administration Act*, respecting the fiscal year then ended.

(2) The report shall form part of the public accounts and shall state

- (a) whether he has received all of the information and explanations he has required; and
- (b) whether in his opinion, the financial statements present fairly the financial position, results of operations and changes in financial position of the government in accordance with the stated accounting policies and as to whether they are on a basis consistent with that of the preceding year.

(3) Where the report of the Auditor General does not contain the unqualified opinion required under this section, the Auditor General shall state the reasons why.

ANNUAL REPORT

8. (1) The Auditor General shall report annually to the Legislative Assembly on the work of his office and call attention to anything resulting from his examination that he considers should be brought to the attention of the Legislative Assembly including any case where he has observed that

- (a) accounts have not been faithfully and properly kept or public money has not been fully accounted for;
- (b) essential records have not been maintained;
- (c) the rules, procedures or systems of internal control applied have been insufficient

- (i) to safeguard and protect the assets of the Crown;
- (ii) to secure an effective check on the assessment, collection and proper allocation of the revenue;
- (iii) to ensure that expenditures have been made only as authorized; or
- (iv) to ensure the accuracy and reliability of the accounting data; or
- (d) public money has been expended for purposes other than for which it was appropriated by the Legislature.
- (2) In the report the Auditor General may also include an assessment
 - (a) as to whether the financial statements of the government are prepared in accordance with the most appropriate basis of accounting for the purpose of fair presentation and disclosure; or
 - (b) as to whether any program being administered by a ministry is being administered economically and efficiently.

TRIVIAL MATTERS

9. The Auditor General need not report to the Legislative Assembly on any matter he considers immaterial or insignificant.

SUBMISSION OF ANNUAL REPORT

10. (1) A report of the Auditor General to the Legislative Assembly shall be submitted by him through the Minister of Finance.

(2) On receipt of a report of the Auditor General, the Minister of Finance shall lay the report before the Legislative Assembly as soon as possible.

(3) If the Minister of Finance does not lay the report before the Legislative Assembly on the first sitting day following the receipt of the report by him, the Auditor General shall transmit the report to the Speaker and the Speaker shall lay the report before the Legislative Assembly.

(4) On being laid before the Legislative Assembly, the annual report of the Auditor General shall be referred to the Public Accounts Committee of the Legislative Assembly.

SPECIAL REPORT

11. The Auditor General may at any time make a special report to the Legislative Assembly on a matter of primary importance or urgency that, in his opinion, should not be deferred until he makes his annual report.

OTHER REPORTS

12. The Auditor General may at any time make a report to the Minister of Finance, the Treasury Board, the Lieutenant Governor in Council, or any public officer on any matter that in the opinion of the Auditor General should be brought to his or their attention.

SPECIAL ASSIGNMENTS

13. The Auditor General may undertake special assignments at the request of the Lieutenant Governor in Council, but he is under no obligation to carry out any requested assignment if, in his opinion, it would interfere with his primary responsibilities.

STAFF IN MINISTRIES

14. (1) The Auditor General may station in any ministry a person employed in his office to enable him to more effectively carry out his duties, and the ministry shall provide the necessary office accommodation for a person so stationed.

(2) The Auditor General shall require every person employed in his office who is to examine the accounts or the administration of a ministry pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that ministry.

INQUIRY POWERS

15. The Auditor General may examine any person on oath on any matter pertaining to his responsibilities and for that examination the Auditor General has all the powers, protection and privileges of a commissioner under sections 12, 15 and 16 of the *Inquiry Act*.

PUBLIC BODIES

16. (1) Notwithstanding any other Act, where the Auditor General is not the auditor of a public body,

- (a) the public body shall, on the request of the Auditor General, supply the Auditor General with a copy of all financial statements and reports relating to the public body;
- (b) the auditor of the public body shall, on the request of the Auditor General, make available to the Auditor General, within a reasonable time, all working papers, reports and other documents in his possession relating to the public body; and
- (c) the Auditor General may conduct examinations of the records and operations of the public body he considers necessary or advisable to carry out his duties under this Act.

(2) Notwithstanding any other Act, the Auditor General

- (a) shall be given access to the records of account and administration of any public body; and
- (b) may require and receive from any officer or employee of a public body information reports and information necessary for the performance of his duties.

ELIGIBILITY AS AUDITOR

17. Notwithstanding any other Act, the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation, Crown agency or public body.

TRANSFER OF AUDIT DUTIES

18. The Lieutenant Governor in Council may transfer to the Auditor General the duty imposed by any Act on the Comptroller General to conduct an audit.

Appendix II

Public Bodies, of Which the Auditor General was not the Appointed Auditor, Whose Financial Statements are Included in Sections G and H of the Public Accounts

British Columbia Buildings Corporation
British Columbia Cellulose Company
British Columbia Development Corporation
British Columbia Ferry Corporation
British Columbia Food Exhibitions Ltd. (formerly Surrey Farm Products Investments Ltd.)
British Columbia Housing Management Commission
British Columbia Hydro and Power Authority
British Columbia Hydro and Power Authority Pension Fund
British Columbia Lottery Corporation
B.C. Pavilion Corporation
British Columbia Petroleum Corporation
British Columbia Railway Company
British Columbia Steamship Company (1975) Ltd.
British Columbia Systems Corporation
British Columbia Transit
Discovery Foundation
Housing Corporation of British Columbia
Insurance Corporation of British Columbia
Metro Transit Operating Company
Ocean Falls Corporation
Pacific Coach Lines Limited
Science Council of British Columbia and Secretariat on Science, Research and Development
Universities Council
W.L.C. Developments Ltd.

Appendix III
Sections B, C and D of the Public Accounts

The material which forms Appendix III is an excerpt from the Public Accounts of British Columbia for the fiscal year ended 31 March 1985.

SECTION B

**COMBINED GENERAL FUND AND SPECIAL FUNDS
(CONSOLIDATED REVENUE FUND)**

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**COMBINED GENERAL FUND AND SPECIAL FUNDS
(CONSOLIDATED REVENUE FUND)****PREAMBLE**

The activities of the General Fund and Special Funds, comprising the transactions and balances of the Consolidated Revenue Fund, have been combined for reporting purposes. In these Combined Financial Statements, the transfers between the General Fund and the Special Funds have been eliminated, but General Fund figures have been reported separately in order to provide a comparison of actual General Fund revenues and expenditures to that presented in the 1984/85 Estimates of Revenue and Expenditure and to ensure the reporting of General Fund expenditures is consistent with legislative authority.

Revenue and expenditure are recorded in the Public Accounts on the accrual basis of accounting as expressed in note 1 to the combined financial statements.



Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR GENERAL'S REPORT

*To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia*

I have examined the combined balance sheet of the Combined General Fund and Special Funds (Consolidated Revenue Fund) of the Government of the Province of British Columbia as at 31 March 1985, and the combined statements of operating results and changes in cash and temporary investments for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these combined financial statements present fairly the financial position of the Government of the Province of British Columbia as at 31 March 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the stated accounting policies as set out in Note 1 to these financial statements applied, after giving retroactive effect to the change in the method of recognizing employee leave entitlements as explained in Note 2(a) to these financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Erma Morrison".

ERMA MORRISON, F.C.A.
Auditor General

*Victoria, British Columbia
31 August 1985*

COMBINED BALANCE SHEET AS AT MARCH 31, 1985

	1985	1984
ASSETS		
	\$	\$
Cash and temporary investments (note 3)	204,239,334	207,002,191
Accounts receivable (note 4)	694,288,110	735,410,979
Due from Crown corporations and agencies (note 5)	152,521,240	95,405,803
Mortgages receivable (note 6)	269,353,661	265,165,929
Prepaid program costs (note 7)	96,205,420	85,407,407
Inventories (note 8)	48,183,193	42,772,910
Investments in and advances to Crown corporations (note 9)	280,142,816	282,270,016
Fiscal Agency loans (note 10)	1,309,625,903	237,754,556
Property under development (note 11)	57,866,040	53,419,774
Fixed assets (note 1)	1	1
Other assets (note 12)	279,174,010	312,884,870
	<u>3,391,599,728</u>	<u>2,317,494,436</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 13)	822,114,222	748,525,589
Due to Crown corporations and agencies (note 14)	169,107,883	141,705,652
Deferred revenue (note 15)	193,949,735	184,793,322
Public debt for the purpose of (note 16)		
—Province of British Columbia	2,475,936,434	1,596,111,670
—Fiscal Agency loans	1,315,760,795	237,754,556
	<u>4,976,869,069</u>	<u>2,908,890,789</u>
NET EQUITY		
Net equity (deficiency) — beginning of year as previously reported	(483,516,140)	536,061,336
Accrual of prior years' liability for employee benefits (note 2)	(107,880,213)	(115,378,316)
As restated	(591,396,353)	420,683,020
Net expenditure for the year	(993,872,988)	(1,012,079,373)
Net deficiency — end of year	<u>(1,585,269,341)</u>	<u>(591,396,353)</u>
	<u>3,391,599,728</u>	<u>2,317,494,436</u>
CONTINGENCIES AND COMMITMENTS (note 17)		
Guaranteed Debt	<u>12,207,358,176</u>	<u>12,755,118,837</u>
TRUST FUNDS (section D)	<u>11,603,492,198</u>	<u>9,760,933,014</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance:



D. L. EMERSON
Deputy Minister of Finance and Secretary of Treasury Board



D. B. MARSON
Comptroller General

**COMBINED STATEMENT OF OPERATING RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

B 8

Estimates 1985 \$	Revenue	1985			1984	
		General Fund \$	Special Funds \$	Adjustments For Transfers Between General Fund and Special Funds ¹ \$	Total \$	Total \$
4,684,000,000	Taxation.....	4,360,553,321			4,360,553,321	4,063,450,775
679,000,000	Natural resources.....	289,522,035	720,913,516	(289,522,035)	720,913,516	678,687,779
495,000,000	Other.....	437,519,401	320,547,688	(200,862,675)	557,204,414	477,909,287
370,000,000	Contributions from Government enterprises.....	360,302,655			360,302,655	351,544,291
1,491,000,000	Contributions from the Federal Government.....	1,790,967,833			1,790,967,833	1,772,680,663
7,719,000,000	Total revenue.....	7,238,865,245	1,041,461,204	(490,384,710)	7,789,941,739	7,344,272,795
	Expenditure					
157,900,000	General government.....	166,691,128	3,025,350		169,716,478	154,112,109
379,200,000	Protection of persons and property.....	411,259,234			411,259,234	414,201,848
554,000,000	Transportation and communications.....	765,837,762			765,837,762	831,654,727
3,882,500,000	Health and social services.....	3,991,213,568			3,991,213,568	3,941,609,405
55,600,000	Recreation and cultural services.....	53,933,730	4,939,233		58,872,963	63,476,775
1,659,500,000	Education.....	1,728,662,286			1,728,662,286	1,756,984,818
487,800,000	Natural resources and primary industries.....	453,824,645	338,127,919	(315,794,710)	476,157,854	481,705,036
78,900,000	Trade and industrial development.....	50,825,519	1,526,031		52,351,550	60,756,715
60,500,000	Housing.....	55,196,473			55,196,473	80,566,747
290,300,000	Aid to local government.....	256,463,966	204,710,052	(174,590,000)	286,584,018	308,903,676
237,600,000	Interest on public debt ²	274,580,712			274,580,712	112,594,092
546,200,000	Other.....	34,236,953	479,144,876		513,381,829	149,786,220
8,390,000,000	Total expenditure.....	8,242,725,976	1,031,473,461	(490,384,710)	8,783,814,727	8,356,352,168³
(671,000,000)	Net Revenue (Expenditure) for the Year.....	(1,003,860,731)	9,987,743		(993,872,988)	(1,012,079,373)

PROVINCE OF BRITISH COLUMBIA

¹ Adjustments of \$490,384,710 are composed of transfers to the Farm Income Assurance Fund—\$26,272,675; Revenue Sharing Fund—\$174,590,000; General Fund (from the Resource Revenue Stabilization Fund)—\$289,522,035.

² Interest on debt for the purposes of the Province and not including interest on borrowings for government bodies (fiscal agency borrowings).

³ All 1984 operating expenditure, except for Interest on Public Debt, has been restated to reflect the inclusion of employee benefits, telecommunications and certain other expenses in the program costs. This change was implemented at the start of the 1984/85 fiscal year.

The accompanying notes and supplementary schedules are an integral part of these financial statements.

**COMBINED STATEMENT OF CHANGES IN CASH AND TEMPORARY
INVESTMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	1985	1984
	\$	\$
Balance—Beginning of Year	<u>207,002,191</u>	<u>282,550,897</u>
Operating Transactions		
Revenue	7,789,941,739	7,344,272,795
Expenditure	<u>8,783,814,727</u>	<u>8,356,352,168</u>
Net expenditure ¹	<u>(993,872,988)</u>	<u>(1,012,079,373)</u>
Add: Non-cash items included in net revenue (expenditure) ¹	<u>95,896,585</u>	<u>120,922,242</u>
Cash items applicable to future operations		
—Change in prepaid program costs	(10,798,013)	3,103,997
—Change in deferred revenue	<u>9,156,413</u>	<u>93,521,832</u>
	<u>(1,641,600)</u>	<u>96,625,829</u>
Used for operations	(899,618,003)	(794,531,302)
Financing Transactions		
Receipts:		
Mortgage principal repayments	35,611,445	42,464,806
Repayment of investments in and advances to Crown corporations	21,281,336	11,967,160
Repayment of fiscal agency loans	1,999,508,303	104,413,450
Property sales—net	9,429,605	34,259,828
Repayments of other assets	146,106,489	194,981,006
Debt issue for the purpose of:		
—Province of British Columbia	4,705,445,337	3,779,063,880
—Fiscal Agency Loans Fund	<u>3,070,519,482</u>	<u>342,168,006</u>
	<u>9,987,901,997</u>	<u>4,509,318,136</u>
Payments:		
Mortgages issued	39,799,177	57,315,596
Investments in and advances to Crown corporations	19,150,644	22,758,300
Property purchases	13,875,871	23,177,378
Fiscal agency loans	3,070,519,482	342,168,006
Investments in other assets	116,476,523	174,402,810
Debt retirement and sinking fund instal- ments for:		
—Province of British Columbia	3,837,851,743	3,066,100,000
—Fiscal Agency Loans Fund	<u>1,993,373,411</u>	<u>104,413,450</u>
	<u>9,091,046,851</u>	<u>3,790,335,540</u>
Derived from financing transactions	<u>896,855,146</u>	<u>718,982,596</u>
Decrease in Cash and Temporary Investments	<u>(2,762,857)</u>	<u>(75,548,706)</u>
Balance—End of Year	<u>204,239,334</u>	<u>207,002,191</u>

This statement shows how the activities of the Province have been financed including:

- the extent to which funds have been generated from operating transactions (being those activities which affect operating results) and financing transactions (being those activities which affect assets and liabilities but not the operating results);
- how the financial resources of the Province have been used; and,
- the effects of these activities on the liquid funds (being cash and temporary investments) of the Province.

¹Non-Cash Items Included in Net

Revenue (Expenditure):		
Change in accounts receivable	41,122,869	(128,300,210)
Change in due from Crown corporations	(57,115,437)	(22,518,741)
Change in inventories	(5,410,283)	2,602,821
Change in other assets	4,080,894	
Change in accounts payable and due to Crown corporations	100,990,864	293,373,757
Change in investments in and advances to Crown corporations—shares	(3,492)	(24,235,385)
Change in public debt for the purpose of:		
—Province of British Columbia	12,231,170	
—Fiscal Agency Loans Fund	860,168	
Change in fiscal agency loans	<u>(860,168)</u>	
	<u>95,896,585</u>	<u>120,922,242</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1985

1. Significant Accounting Policies

(a) REPORTING ENTITY

These financial statements include the transactions and balances of the General Fund and Special Funds which combined are known as the Consolidated Revenue Fund. They do not include the accounts of Crown corporations, except to the extent of investments or advances which are carried at cost. Separate consolidated financial statements of the Province are prepared which include the activities of certain of these entities. (See Section C.)

For purposes of these financial statements the accounts of the Province are presented as one Consolidated Revenue Fund, which is comprised of:

- General Fund—it includes all transactions of the Province not otherwise earmarked by legislative action, including the accounts of the British Columbia Liquor Distribution Branch, the Queen's Printer and the Purchasing Commission; and
- Special Funds—these are comprised of all amounts set aside from the General Fund by special disposition of the Legislature for specific purposes.

Trust Funds—in addition, the combined balance sheet discloses, on a memorandum basis, trust funds administered by the Government but over which it has no power of appropriation including trust deposits, sinking funds, certain assurance funds and superannuation funds. (See Section D for details.)

(b) PRINCIPLES OF COMBINATION

The accounts of the General Fund are combined with the Special Funds after adjusting them to conform with the accounting policies as described below. General Fund expenditures are recorded in accordance with legislative authority. Inter-fund revenue and expenditure transactions are not eliminated from the General Fund accounts (detailed in Section B), but they are eliminated upon combination.

(c) BASIS OF ACCOUNTING

The accrual basis of accounting is used which, for these combined financial statements, is specifically expressed as follows:

Revenue

All revenues are recorded on an accrual basis except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable. The exceptions, which normally relate to certain payments to the Province under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*, are recorded on a cash basis.

Revenues from Crown corporations are recognized when cash transfers are received or when dividends are declared. The net earnings of British Columbia Petroleum Corporation are reported as revenue of the Province in the Resource Revenue Stabilization Fund, whether received or not, because in substance they are received in lieu of other forms of taxation.

Expenditure

All expenditures, including the cost of fixed assets, are recorded for goods received and services rendered during the year.

Grants are recorded as expenditures. Conditional or fee for service types of grants are expensed when the goods or services have been received or when conditions of a contract have been fulfilled. Unconditional grants, which do not require fulfillment of any terms of a contract before payment, are expensed at the time the funds are disbursed.

Recoveries of expenditure may be permitted as a credit to the appropriate expenditure account when:

- (i) they can be specifically identified with the expenditure transactions and payment has actually been made from an appropriation;
- (ii) provision for them has been approved through the Estimates or by Treasury Board; and
- (iii) the expenditure to which they relate was incurred in the same fiscal year.

Assets

All assets are recorded to the extent that they represent claims upon outside parties or items held for resale to outside parties as a result of events and transactions prior to the year-end. Rental payments for leases which transfer the benefits and risks incident to the ownership of certain assets are reported as expenditures at the dates of inception of the leases.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end and foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts which specify the rate of exchange. Adjustments to revenue or expenditure transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long-term, fixed term monetary assets and liabilities are reported as a deferred charge and amortized over the remaining terms of the related items on a straight-line basis.

Non monetary assets and liabilities are translated at historical rates of exchange.

(d) SPECIFIC POLICIES

Cash and Temporary Investments

Cash balances are shown after deducting outstanding cheques issued prior to the year-end. Cheques issued subsequent to the year-end relating to the previous year are included in accounts payable.

Temporary investments represent short-term investments, including those in Crown corporations, made to obtain a return on a temporary basis.

Temporary investments are recorded at the lower of cost and market value.

Accounts Receivable

All amounts receivable (including any trade receivables from Crown corporations and agencies) at the year-end for work performed, goods supplied or services rendered are recorded as part of the revenue of the fiscal year. Provision is made where collectibility is considered doubtful.

Due From Crown Corporations and Agencies

Due from Crown corporations and agencies represent amounts due, other than trade receivables, which will be realized in the following year. Provision is made where collectibility is considered doubtful.

Mortgages Receivable

Mortgages receivable are secured by real estate and are repayable over periods ranging up to thirty years. Provision is made where collectibility is considered doubtful.

Prepaid Program Costs

Prepaid program costs represent expenditures made during the fiscal year for work to be performed, goods to be supplied, services to be rendered or contractual obligations to be fulfilled by outside parties in a subsequent fiscal year.

Inventories

Inventories comprise items held for resale and are recorded at the lower of cost and net realizable value. Inventories of supplies are charged to the respective programs when the cost is incurred.

Investments in and Advances to Crown Corporations

Investments in and advances to Crown corporations represent long-term investments and are recorded at cost unless significant prolonged impairment in value has occurred since the acquisition date, in which case they are written down to recognize this loss in value.

Fiscal Agency Loans

Fiscal Agency loans consist of loans made to government bodies which have been financed by borrowings made by the Minister of Finance, in his capacity as fiscal agent, on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chap. 15). These loans are recorded at maturity value less unamortized discount and sinking fund balances. Discount is amortized on a straight-line basis over the lives of the loans.

Property Under Development

Property under development is comprised of all property which will eventually be sold to outside parties. Such property is recorded at the lower of cost and net realizable value.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

Fixed Assets

Disbursements for fixed assets are recorded as expenditures in the year the assets are received. Consistent with the reporting of fixed assets as expenditures, highways, bridges, wharves, ferries and ferry landings, buildings, office equipment, furniture, automobiles and 76 million hectares (293,000 square miles) of Crown land comprised of parks, forests and all other publicly held land in the Province are recorded at a nominal value of \$1.

Other Assets

Other assets include loans, investments and advances of a miscellaneous nature which are recorded at cost after adjustment for any prolonged impairment in value. Certain deferred charges are also included.

Accounts Payable and Accrued Liabilities

All amounts payable (including trade payables to Crown corporations and agencies) for work performed, goods supplied, services known to have been rendered or for charges incurred in accordance with the terms of a contract are recorded as part of the expenditure of the fiscal year.

Due to Crown Corporations and Agencies

Amounts due to Crown corporations and agencies represent liabilities incurred, other than trade payables, which are repayable in the following year.

Deferred Revenue

Deferred revenue represents amounts received prior to the year-end in payment of revenue that will be earned in subsequent fiscal years.

Public Debt

Public debt represents direct debt obligations for the purposes of the Province of British Columbia and the fiscal agency loans. Fiscal agency loans represent borrowings made by the Minister of Finance, in his capacity as fiscal agent, on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chap. 15). These obligations are recorded at principal less unamortized discount and sinking fund balances where applicable. Discount is amortized on a straight-line basis over the lives of the respective issues.

Guaranteed Debt

Guaranteed debt represents that debt of municipalities and other local governments, private enterprises and individuals, and debt and minority interests of Provincial Crown corporations which has been explicitly guaranteed or indemnified by the Province under the authority of a statute as to net principal and accrued interest outstanding.

Commitments

Commitments represent obligations of the Province to the extent of contracts and agreements in place at the year-end.

2. Changes in Accounting Policy

- (a) A change in policy has been retroactively implemented to recognize accumulated employee sick leave, vacation and other entitlements as liabilities of the Province. Under the previous accounting policy these items were recognized as expenditures in the accounts when paid. The effect of this change in policy in the 1985 financial statements is to increase the net deficiency at the beginning of the year by \$107,880,213 (1984: \$115,378,316) to decrease net expenditure by \$7,155,338 (1984: \$7,498,103) and to increase accrued liabilities by \$100,724,875 (1984: \$107,880,213).
- (b) Effective April 1, 1984 the Province adopted a policy recommended by the Canadian Institute of Chartered Accountants for unrealized foreign currency gains and losses. Unrealized gains and losses on long term, fixed term monetary assets and liabilities are now reported as a deferred charge and amortized over the remaining terms of the related items on a straight line basis. The effect of this policy change in the 1985 financial statements is to charge the current year's net income with \$2,675,516 for amortization of deferred losses and to establish unamortized deferred charges of \$12,212,944. Under the previous policy \$14,888,460 would have been charged to the current year for foreign currency losses. The adoption of the new policy had no effect on the financial statements of prior years because they did not contain foreign currency gains and losses on long term monetary assets or liabilities.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

3. Cash and Temporary Investments

	1985	1984
	\$	\$
Cash and bank accounts.....	(30,005,647)	(67,696,524)
Temporary investments.....	374,436,757	423,467,384
	344,431,110	355,770,860
Less amounts applicable to Trust Funds (see Section D).....	(140,191,776)	(148,768,669)
	<u>204,239,334</u>	<u>207,002,191</u>

Other than statutory requirements or administrative policies which specifically provide for the maintenance of separate bank accounts, the Government's cash balances and temporary investments are all held in General Fund bank and investment accounts. At year-end, balances applicable to trust funds outside the Consolidated Revenue Fund are deducted from the General Fund balance and reported in the trust fund accounts.

Included in temporary investments are bonds and notes of certain Crown corporations amounting to \$292,968 (1984: \$18,403,086).

4. Accounts Receivable

	1985			1984
	Gross \$	Provision For Doubtful Accounts \$	Net \$	Net \$
Government of Canada.....	76,430,519	243,738	76,186,781	151,778,079
British Columbia municipalities—re: shared-cost programs.....	25,280,451		25,280,451	31,428,001
Taxes receivable.....	270,924,553	20,580,000	250,344,553	225,422,215
Timber royalty, stumpage and range fees.....	43,756,694	11,774,572	31,982,122	47,231,067
School districts, library districts, improvement districts, water districts, co-operative associations, local areas and other.....	189,809,411		189,809,411	189,455,176
Ministerial advances and sundry agencies.....	3,943,510	74,020	3,869,490	4,009,094
Trade accounts and other receivables of the—				
Crown Land.....	8,151,663	4,556,120	3,595,543	1,529,832
British Columbia Liquor Distribution Branch.....	2,240,349		2,240,349	1,134,257
Queen's Printer.....	153,869		153,869	131,240
Lottery Fund.....	8,081,086		8,081,086	9,363,698
Farm Income Assurance Fund.....	15,790,065		15,790,065	14,112,342
University Endowment Lands				
Administration.....	97,480		97,480	90,432
Revenue Sharing Fund.....	6,543		6,543	
First Citizens Fund.....				5,210
Accrued interest.....	39,763,741	133,801	39,629,940	13,093,097
Land sales—principal.....	3,177,058		3,177,058	3,356,853
Water rentals and recording fees.....	1,057,074		1,057,074	985,041
Court fees.....	8,393,466	3,922,679	4,470,787	4,303,476
Sundry fees.....	17,942,650	4,862,885	13,079,765	16,073,348
Recoveries from Crown corporations.....	10,977,593		10,977,593	11,671,910
Financial Administration Act, Sec. 22.....	14,459,083	933	14,458,150	10,236,611
	<u>740,436,858</u>	<u>46,148,748</u>	<u>694,288,110</u>	<u>735,410,979</u>

5. Due From Crown Corporations and Agencies

	1985	1984
	\$	\$
British Columbia Buildings Corporation.....	15,114,270	11,011,976
British Columbia Petroleum Corporation.....	135,904,970	82,891,827
Workers' Compensation Board of British Columbia.....	1,502,000	1,502,000
	<u>152,521,240</u>	<u>95,405,803</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

6. Mortgages Receivable

	1985	1984
	\$	\$
Crown Land—first mortgages, fully secured, with terms of up to 30 years and interest rates varying from 4% to 22¼%	38,082,764	39,210,300
Provincial Home Acquisition—first and second mortgages pursuant to the <i>Provincial Home Acquisition Act</i> , <i>Home Purchase Assistance Act</i> , and the <i>Home Conversion and Leasehold Loan Act</i> , fully secured, with terms of up to 25 years and interest rates varying from 8¾% to 15% (net of provision for doubtful recoveries of \$3,000,000; 1984 \$2,000,000)	231,270,897	225,955,629
	<u>269,353,661</u>	<u>265,165,929</u>

7. Prepaid Program Costs

	1985	1984
	\$	\$
<i>Guaranteed Available Income for Need Act</i>	71,787,924	62,743,055
Medical Services Commission of B.C.	18,867,022	13,361,861
Other	5,550,474	9,302,491
	<u>96,205,420</u>	<u>85,407,407</u>

8. Inventories

	1985	1984
	\$	\$
British Columbia Liquor Distribution Branch	43,103,917	37,244,846
Ministry of Education	510,898	707,721
Ministry of Energy, Mines and Petroleum Resources	139,090	
Ministry of Environment	409,970	519,080
Ministry of Finance	2,425,820	2,425,820
Ministry of Health	730,329	1,020,312
Ministry of Labour	25,624	198,141
Ministry of Municipal Affairs	3,105	2,745
Ministry of Provincial Secretary and Government Services	773,544	654,245
Ministry of Transportation and Highways	60,896	
	<u>48,183,193</u>	<u>42,772,910</u>

9. Investments in and Advances to Crown Corporations

	1985			1984
	Shares and Other Investments \$	Advances \$	Total \$	Total \$
British Columbia Buildings Corporation		56,832,558	56,832,558	69,654,765
British Columbia Cellulose Company	2		2	2
British Columbia Development Corporation	54,618,300	20,850,000	75,468,300	75,538,300
British Columbia Ferry Corporation	6,851,185		6,851,185	6,851,185
British Columbia Food Exhibitions Ltd. (formerly Surrey Farm Products Investments Limited)	1		1	1
British Columbia Hydro and Power Authority	8,077,086		8,077,086	8,073,595
British Columbia Lottery Corporation	1	13,282,332	13,282,333	
British Columbia Railway Company	37,350,601		37,350,601	37,350,601
British Columbia Steamship Company (1975) Ltd.	5		5	5
British Columbia Transit		55,000,000	55,000,000	55,000,000
Housing Corporation of British Columbia	1		1	1
Pacific Coach Lines Ltd.	2		2	2
Provincial Rental Housing Corporation	633,512	26,647,229	27,280,741	29,801,558
W.L.C. Developments Ltd.	1		1	1
	<u>107,530,697</u>	<u>172,612,119</u>	<u>280,142,816</u>	<u>282,270,016</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

9. Investments in and Advances to Crown Corporations—Continued

(a) Recorded Investments

The above amounts are the Province's recorded investments in and advances to Crown corporations. The entire issued capital stock for each of the above recorded investments is owned by the Province. In addition, a number of other Crown corporations and agencies exist in which the Province has no recorded investment.

(b) British Columbia Cellulose Company

During the year ended March 31, 1984 the Legislature passed the *British Columbia Cellulose Company Repeal Act*. The purpose of this Act is to dissolve British Columbia Cellulose Company and transfer all properties and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(c) British Columbia Food Exhibitions Ltd. (formerly Surrey Farm Products Investments Ltd.)

British Columbia Food Exhibitions Ltd. is currently being organized to carry out an International Food Trade Show "Food Pacific 86".

(d) British Columbia Lottery Corporation (the Corporation)

The British Columbia Lottery Corporation was incorporated on October 25, 1984 for the purpose of conducting and managing lottery games on behalf of the Province. By agreement, dated March 29, 1985 the Province withdrew from the Western Canada Lottery Foundation and designated the Corporation to assume this function. The Corporation also represents the interest of the Province in the Inter-Provincial Lottery Corporation games. Operations of the Corporation commenced April 1, 1985.

During the year the Corporation received from the Province interest free advances totalling \$13,282,332 to facilitate initial investments in leaseholds, equipment and furnishings. Advances will be repaid from the operations of the Corporation, and are not subject to any specific repayment terms.

(e) British Columbia Railway Company (the Railway)

The Province holds the entire issued share capital of the British Columbia Railway Company and, pursuant to the *British Columbia Railway Finance Act* (formerly the *British Columbia Railway Construction Loan Act*), guarantees the payment of the principal and interest on all monies borrowed by the Railway. The historic cost of the shares was \$257,688,500 and the amount of the debt (net of sinking funds) guaranteed by the Province was \$226,322,983 at March 31, 1985.

During the year ended March 31, 1980, the Province's investment, which amounted to \$185,572,900, was written down to one dollar and an additional investment of \$45 million made in March, 1982 was written off because of the cumulative deficit of the Railway at that date.

During the year ended March 31, 1984, 160,000 shares in the Railway were acquired by the Province at a cost of \$16,000,000 in cash and a further 111,156 shares were acquired at a par value of \$100 each in exchange for the net railway assets of the British Columbia Harbours Board. In view of the net equity position of the Railway at the time of issue of these shares, their cost is recorded as an asset of the Province.

During the current fiscal year the Province provided \$29,359,461 to the Railway to be applied against its historic debt service charges prior to the date of payment of the allocation from the Resource Revenue Stabilization Fund.

On June 15, 1984, the Province of British Columbia paid from the Resource Revenue Stabilization Fund to the Railway \$407,642,191 (Canadian) and \$17,177,060 (U.S.) to enable the Railway to fully fund its historic debt. These amounts, when added to existing sinking fund balances, permitted the Railway to fund each debt issue on a full and irrevocable basis. The Trustee of the sinking funds used the entire amounts in the sinking funds to purchase promissory notes issued by the Province with a par value of \$690,827,000 (Canadian) and \$25,747,000 (U.S.). The payment terms and conditions of the promissory notes are sufficient to pay in full all future amounts payable under the terms of the debt issues comprising the historic debt.

The Province instructed the Railway to consolidate its accumulated deficit with contributed surplus as at December 31, 1984 resulting in a transfer from deficit of \$242,841,000.

In June, 1984 BC Rail Ltd. issued, through Canadian stock exchanges, eight million Series A Preferred Shares at a price of \$25 per share. The common shares of BC Rail Ltd. are owned 25% by the Railway and 75% by BCR Properties Ltd. The Railway holds 100% of the common shares of BCR Properties Ltd.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

9. Investments in and Advances to Crown Corporations—Continued

(e) British Columbia Railway Company—Continued

The proceeds of \$200 million from the sale of the preferred shares were used by BC Rail Ltd. as part payment for the purchase of the railway assets from the Railway, which in turn, applied the \$200 million to reduce its notes payable. These notes had been issued as interim financing in connection with the costs of construction of the 129 kilometre Tumbler Ridge Branch Line.

The Province has agreed to pay to a trustee for distribution to holders of Series A Preferred Shares an amount equal to any dividend, retraction, redemption or liquidation payment specified or provided for in the share provisions attaching to the Series A Preferred Shares which is not made by BC Rail Ltd.

(f) British Columbia Systems Corporation (the Corporation)

On August 31, 1983 the Province announced plans to offer all or part of British Columbia Systems Corporation for sale to the private sector. During the year ended March 31, 1985 the Province announced its decision to reject all bids for the Corporation. The Province also announced its plans to streamline the Corporation and to privatize part of the Corporation's services.

As a result, the Corporation has awarded a facilities management contract to Hi-Tech Systems Ltd., a private company owned and operated by former employees of the Corporation. Under the terms of the contract, the company provides the Corporation with management services related to the operation of its central computer facility for a 25-month period ending September 30, 1986. The contract provides for a one-year renewal option, exercisable by the Corporation.

(g) British Columbia Transit

The British Columbia Transit advance represents an interest free promissory note with a principal balance of \$55,000,000. This note does not become due and payable until any rail transit system constructed or acquired by British Columbia Transit enters into revenue service operation.

(h) Housing Corporation of British Columbia (the Corporation)

The operations of the Corporation are in the process of voluntary liquidation and the investment of \$6,699,760 at March 31, 1980 has been recovered. Pending dissolution the investment is carried at a nominal value of \$1.

(i) Pacific Coach Lines Ltd. (the Company)

In the July 7, 1983 Provincial Budget, the Honourable Hugh Curtis, Minister of Finance, announced that the Government intended to give the private sector the opportunity to take over functions and activities not appropriate to Government. On March 31, 1984 the operations of Pacific Coach Lines Ltd. ceased and wind-up of the company is currently in process.

(j) Ocean Falls Corporation

During the year ended March 31, 1984 the Legislature passed the *Ocean Falls Repeal Act*. The purpose of this Act is to dissolve the Ocean Falls Corporation and to transfer all of its property and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

10. Fiscal Agency Loans¹

	1985		1984	
	Short-Term \$	Long-Term \$	Total \$	Total \$
British Columbia Assessment Authority	3,319,300		3,319,300	3,578,940
British Columbia Buildings Corporation	49,774,616	74,787,722	124,562,338	69,943,921
British Columbia Educational Institutions Capital Financing Authority		5,188,000	5,188,000	
British Columbia Hydro and Power Authority		353,339,857	353,339,857	
British Columbia Place Ltd.	32,088,357	44,988,710	77,077,067	33,827,560
British Columbia Railway Company	115,891,023	24,787,722	140,678,745	
British Columbia Transit	146,885,709	229,043,708	375,929,417	86,500,000
Certificate of Approval Program ²	11,694,089		11,694,089	
Expo 86 Corporation	206,388,115		206,388,115	43,904,135
University of British Columbia	11,448,975		11,448,975	
	<u>577,490,184</u>	<u>732,135,719</u>	<u>1,309,625,903</u>	<u>237,754,556</u>

¹ Fiscal agency loans are financed by borrowings made by the Province on behalf of government bodies in accordance with Section 41 of the *Financial Administration Act*. As at March 31, 1985 total borrowings outstanding were \$1,315,760,795 (see note 16, page B 19) of which \$1,309,625,903 was due from government bodies. The balance of \$6,134,892 which represents mainly repayment of fiscal agency loans prior to maturity was paid into the Fiscal Agency Loans Fund (see B 27) as directed by Section 41.5 (3) of the *Financial Administration Act*. These monies are included in the Province's cash balances as disclosed in note 3, page B 13.

² The Certificate of Approval Program was designed to provide interim financing for capital projects undertaken by school districts, hospital districts and post secondary institutions. Capital projects are funded in two ways: (1) through the Province's available bank line of credit and (2) through the Canadian and U.S. promissory note program. The program utilizes the borrowing power of the Province to obtain capital financing at lower rates than these authorities could obtain by themselves.

11. Property Under Development

	1985	1984
	\$	\$
Crown Land—real estate	<u>57,866,040</u>	<u>53,419,774</u>

12. Other Assets

	1985	1984
	\$	\$
Investments—		
British Columbia Regional Hospital Districts Financing Authority	12,000,000	12,000,000
British Columbia School Districts Capital Financing Authority	44,080,059	44,075,786
British Columbia Resources Investment Corporation		1,823
Loans under the—		
<i>Farm Product Industry Act</i>	1,746,276	1,761,276
<i>Ministry of Industry and Small Business Development Act</i>	70,245,018	69,590,787
<i>Agricultural Land Development Act</i>	18,291,718	18,798,331
Oyster Seed Program	3,593	10,567
Downtown Revitalization	10,839,235	7,719,320
Advances—		
City of Penticton	150,000	150,000
British Columbia Credit Unions under Housing Initiative Program Agreement	31,638,219	96,342,805
<i>Homeowner Assistance Act</i>	79,917,766	73,866,207
<i>Agricultural Land Commission Act</i>	808,444	672,952
Crop Insurance Stabilization	5,100,000	
Unamortized discount and issue costs on Public Debt	9,820,750	3,784,994
Unamortized foreign exchange losses less gains	12,212,944	
Other	17,620	426,959
	<u>296,871,642</u>	<u>329,201,807</u>
Less provision for doubtful accounts	<u>(17,697,632)</u>	<u>(16,316,937)</u>
	<u>279,174,010</u>	<u>312,884,870</u>

The provision for doubtful accounts is comprised of—*Farm Product Industry Act* (\$1,099,999), *Ministry of Industry and Small Business Development Act* (\$15,540,271), *Homeowner Assistance Act* (\$1,039,742) and Other (\$17,620).

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

13. Accounts Payable

Included in the accounts payable and accrued liabilities is \$50,306,326 (1984: \$38,132,000) in claims made under section 88 of the *Forest Act*. These claims are for work such as the construction of logging access roads and structures, reforestation, silviculture and similar activities performed. Payment to the companies concerned is only made as an offset against related timber stumpage revenues which would otherwise be paid to the Province.

14. Due To Crown Corporations and Agencies

	1985	1984
	\$	\$
British Columbia Assessment Authority.....		256,980
British Columbia Development Corporation.....	2,150,546	732,324
British Columbia Housing Management Commission.....	17,500	
British Columbia Hydro and Power Authority.....	87,177	500,000
British Columbia Institute of Technology.....	381,777	1,478,407
British Columbia Transit.....	10,996,651	1,005,000
Legal Services Society.....	420,000	
Medical Services Commission of B.C.	143,045,917	130,300,873
Pacific Vocational Institute.....	1,190,800	851,743
Simon Fraser University.....	1,536,111	1,604,594
University of British Columbia.....	6,570,681	3,996,736
University of Victoria.....	977,219	978,995
Workers' Compensation Board of British Columbia.....	1,733,504	
	<u>169,107,883</u>	<u>141,705,652</u>

15. Deferred Revenue

	1985	1984
	\$	\$
Taxation—Property tax.....	720,748	
Natural Resources Revenue		
Minerals—permits and fees.....	31,892,784	26,991,000
Water resources—water rentals and recording fees.....	51,596,804	46,949,385
Timber harvesting, rentals and fees.....	4,871,912	5,413,518
Forest Protection Agreement.....		334,535
Other Revenue		
Licence Revenue.....	63,297,000	71,138,000
Land leases.....	3,673,040	4,253,164
Land sales.....	4,983,724	3,207,713
Miscellaneous sales and services.....	2,348,861	3,100,531
Contributions from the Federal Government		
Canada Assistance Plan.....	30,564,862	23,405,476
	<u>193,949,735</u>	<u>184,793,322</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

16. Public Debt	1985	1984
	\$	\$
For the purpose of		
Province of British Columbia		
Short term promissory notes.....	28,022,109	95,737,500
Less: Unamortized discount.....		134,470
	28,022,109	95,603,030
91 day Treasury Bills.....	780,000,000	780,000,000
Less: Unamortized discount.....	9,790,115	9,645,135
	770,209,885	770,354,865
Notes and bonds net of sinking fund balances of \$8,598,218 (1984 — Nil)	1,870,487,464	732,047,790
Less: Unamortized discount.....	192,783,024	1,894,015
	1,677,704,440	730,153,775
Total Province of British Columbia Borrowings.....	2,475,936,434	1,596,111,670
Fiscal Agency Loans		
Short term promissory notes.....	593,095,328	141,900,201
Less: Unamortized discount.....	9,470,252	645,645
	583,625,076	141,254,556
Notes, bonds and debentures net of sinking fund balances of \$2,481,969 (1984 — Nil).....	745,555,551	109,000,000
Less: Unamortized discount.....	13,419,832	12,500,000
	732,135,719	96,500,000
Total Fiscal Agency Borrowings.....	1,315,760,795	237,754,556
TOTAL PUBLIC DEBT	3,791,697,229	1,833,866,226

See Schedule of Public Debt on B 44 for further details.

17. Contingencies and Commitments

(a) Guaranteed Debt

Guaranteed debt as at March 31, 1985 totalled \$12,207 million. Included in guaranteed debt is that debt of municipalities and other local governments, private enterprises and individuals, and debt and minority interests of Provincial Crown corporations which has been explicitly guaranteed or indemnified by the Province under the authority of a statute as to net principal and accrued interest outstanding. See Schedule of Guaranteed Debt on B 42 for details.

(b) Contingent Liabilities

(i) Pending Litigation

The Government is a defendant in legal actions which may give rise to future liabilities. Because the outcome of the litigation is uncertain no amount has been recorded in these financial statements.

The Government has a contingent liability in respect of the following summary of cases where the estimated or known claim exceeds \$100,000:

- (a) A number of airline and railroad companies are challenging the Province's ability to tax the fuel consumed for their operations and to collect sales tax on aircraft; the amounts in issue total \$9 million.
- (b) Various claims totalling \$9.8 million against assessments for social services, logging, mining, and corporation capital tax.
- (c) Various legal actions totalling \$7.2 million, (each under \$2 million and over \$100,000), representing claims of damages to persons and property or other miscellaneous claims.

(ii) Other Contingent Liabilities

The Government also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims. Because these amounts are uncertain no liability for them has been recorded in these financial statements.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

17. Contingencies and Commitments—Continued

(c) Commitments

General

At the end of each year the Government has a number of general commitments outstanding for ongoing programs and operations. Such future expenditures are charged to the appropriation in the year in which the work or service is performed. Commitments for capital construction projects totalled approximately \$230 million, and commitments of a non-capital nature totalled approximately \$380 million.

Expo '86 Corporation (The Corporation)

The Province of British Columbia has committed \$250 million of Lotto 6/49 funds to the Corporation. Up to March 31, 1985, Lotto 6/49 contributions to the Corporation totalled \$53,199,346.

(d) Superannuation and Pension Actuarial Valuations

The Government has statutory responsibility for unfunded liabilities of the Public Service Superannuation Fund and the Teachers' Pension Fund as follows:

	Public Service Superannuation as at March 31, 1980 ¹ \$	Teachers' Pension as at December 31, 1980 ¹ \$
Assets		
Fund	1,069,594,000	716,697,000
Present value of future contributions	1,071,750,000	1,805,273,000
	2,141,344,000	2,521,970,000
Unfunded Liability	631,172,000	1,019,270,000
Total Actuarial Liability	2,772,516,000	3,541,240,000

See Section H of the Public Accounts for further details of these plans.

¹New actuarial valuations are currently in process.

18. Subsequent Events

(a) *Province of British Columbia (the Province)*

In April 1985, the British Columbia Educational Institutions Capital Financing Authority purchased subordinated debentures of the Canadian Commercial Bank in the amount of \$13 million. The purchase was made under an agreement with the Province in which the Authority was indemnified from and against any and all losses which might be incurred as a result of the purchase. This arrangement represented the Province's participation in the refinancing of the Canadian Commercial Bank at that time. Four months later, at which time the Province's only investment in the Canadian Commercial Bank was through the above-noted debentures, the Government of Canada announced that it was seeking a court-ordered liquidation of the bank. The amount that the Province may be called upon to pay to the Authority pursuant to the indemnity is uncertain.

(b) *British Columbia Harbours Board (the Board)*

Sections 2 and 3 of the *British Columbia Harbours Board Repeal Act* which provide for the repeal of the *Harbour Board Act* and dissolution of the Board respectively, came into force May 30, 1985.

(c) *British Columbia Lottery Corporation (the Corporation)*

On June 28, 1985 the Legislature passed the *Lottery Corporation Act* (Bill 43). The purpose of this Act is to continue the Corporation as a Crown corporation established by statute. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(d) *British Columbia Petroleum Corporation (the Corporation)*

The British Columbia Petroleum Corporation at March 31, 1985 had a liability for future gas supply of \$30,475,487. This liability represented payments received from a distributor in 1981, 1982 and 1983 who was unable to take delivery of the gas purchased. Such gas volumes may be recovered from the Corporation within five years from the date incurred without further payment. Subsequent to March 31, 1985 the Corporation agreed to return, by July 1, 1985, the volumes of gas represented by the amount of \$30,475,487, being the Corporation's liability for future gas supply, to the distributor who paid for those volumes. The net loss of revenues on the volumes of gas returned to the distributor amounts to approximately \$13,500,000.

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

18. Subsequent Events—Continued

(e) British Columbia Transit

Effective June 1, 1985, the *British Columbia Transit Amendment Act (No. 2), 1985* merged the Metro Transit Operating Company with British Columbia Transit. Pursuant to the Act, British Columbia Transit assumed all property, rights, debts and obligations as well as responsibility for all employees of the Metro Transit Operating Company.

19. Comparatives

Certain of the comparative figures for previous years have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS REVENUE
BY SOURCES FOR THE FISCAL YEARS ENDED MARCH 31**

	1981	1982	1983	1984	1985
	\$	\$	\$	\$	\$
Taxation Revenue—					
Personal income.....	1,369,211,996	1,848,153,074	2,008,152,085	1,818,815,006	1,853,296,653
Corporation income.....	456,608,866	579,997,631	188,550,277	309,470,082	366,164,204
Social service.....	757,974,947	1,129,542,193	999,449,345	1,201,338,425	1,331,342,643
Gasoline.....	202,536,160	331,657,359	348,718,971	370,554,377	411,932,509
Motive fuel use.....	28,983,775	39,729,670	40,254,002	50,513,372	56,394,694
Fuel oil.....	16,763				
Tobacco.....	74,654,794	102,883,691	109,109,479	138,450,501	159,315,452
Corporation capital.....	52,676,696	89,779,068	83,833,538	85,782,350	86,998,874
Property (rural areas).....	25,961,274	43,437,585	40,745,157	36,789,104	41,008,063
Insurance premium.....	17,484,993	20,210,237	21,141,440	20,920,174	22,039,794
Hotel room.....	15,487,945	23,672,817	22,550,007	23,215,930	25,099,624
Horse racing.....	6,035,987	7,618,292	7,164,243	7,701,216	6,801,580
Succession and gift.....	936,688	14,216		(99,762)	159,231
Total Taxation Revenue.....	3,008,570,884	4,216,695,833	3,869,668,544	4,063,450,775	4,360,553,321
Natural Resource Revenue—					
Minerals—					
Petroleum and natural gas—					
British Columbia Petroleum					
Corporation.....	208,326,333	219,922,383	96,048,923	166,230,913	140,013,142
Permits and fees.....	156,459,474	69,793,298	49,253,175	70,380,793	97,811,166
Royalties.....	50,896,824	67,164,102	83,523,655	96,652,028	100,061,797
Revenue from other minerals.....	119,593,185	62,454,453	32,454,641	31,616,719	54,223,756
	535,275,816	419,334,236	261,280,394	364,880,453	392,109,861
Forests—					
Logging tax.....	45,556,100	12,276,852	2,074,182	956,421	4,313,466
Timber sales.....	233,525,954	78,442,028	64,700,259	103,833,898	97,411,290
Forest scaling fees.....	9,085,999	7,337,736	5,738,935	8,941,426	5,417,582
Other forest revenue.....	12,122,787	8,666,143	10,391,964	17,163,860	20,161,932
	300,290,840	106,722,759	82,905,340	130,895,605	127,304,270
Water resources.....	20,157,482	64,990,853	187,429,850	171,995,181	190,840,415
Wildlife Act—fees and licences.....	6,214,134	6,555,038	10,935,035	10,916,540	10,658,970
Total Natural Resource Revenue.....	861,938,272	597,602,886	542,550,619	678,687,779	720,913,516
Other Revenue—					
Sales and services—					
Farm income assurance.....	8,939,518	43,305,107	28,338,001	31,843,481	26,272,675
Lottery.....	25,424,417	25,913,997	28,137,960	60,021,992	84,493,299
Land registry fees.....	36,399,084	31,161,375	27,056,219	31,035,564	27,318,053
Land leases, rentals and fees.....	9,518,087	8,104,305	17,119,741	12,448,413	13,686,163
Other.....	45,560,825	69,879,676	49,704,795	48,374,414	49,800,115
	125,841,931	178,364,460	150,356,716	183,723,864	201,570,305
Licences and permits—					
Motor vehicle licences and permits.....	81,561,138	103,504,451	102,107,910	39,827,653	124,191,583
Other.....	35,961,487	41,832,114	44,045,671	43,673,900	46,469,541
	117,522,625	145,336,565	146,153,581	83,501,553	170,661,124
Fines and penalties.....	14,709,493	19,014,445	15,250,866	16,395,065	16,248,367
Income from investments.....	225,716,888	211,475,421	91,321,248	77,148,502	106,352,207
Recoveries of grants and contributions	2,182,223				
British Columbia Place Ltd. —					
dividends, non-recurring recovery			65,000,000		
of previous grants.....					
British Columbia Cellulose Company					
— dividends.....			5,000,000		
Municipal and other governments.....	29,621,903	32,837,631	18,466,674	3,876,161	3,325,934
Miscellaneous.....	46,980,182	93,283,860	71,842,571	113,264,142	59,046,477
Total Other Revenue.....	562,575,245	680,312,382	563,391,656	477,909,287	557,204,414

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS REVENUE
BY SOURCES FOR THE FISCAL YEARS ENDED MARCH 31—Continued**

	1981	1982	1983	1984	1985
	\$	\$	\$	\$	\$
Contributions from Government Enterprises—					
Liquor Distribution Branch	274,548,747	315,839,210	337,854,900	351,525,246	355,898,655
British Columbia Buildings Corporation	17,045,000	8,005,000			4,404,000
British Columbia Systems Corporation	1,522,000	2,676,000		19,045	
Total Contributions from Government Enterprises..	293,115,747	326,520,210	337,854,900	351,544,291	360,302,655
Contributions from the Federal Government—					
Established programs financing	638,388,000	643,861,000	652,360,000	928,536,000	1,059,490,000
Fiscal stabilization				139,000,000	35,000,000
Canada Assistance Plan	312,856,926	320,167,884	460,005,833	543,710,297	572,860,899
Statutory and other subsidies	7,352,468	7,595,929	9,232,574	7,241,818	5,895,275
Other shared costs and grants in aid ..	117,927,500	110,692,549	94,025,647	137,877,548	98,403,659
Reciprocal Taxation Agreement				16,315,000	19,318,000
Total Contributions from the Federal Government	1,076,524,894	1,082,317,362	1,215,624,054	1,772,680,663	1,790,967,833
Total Gross Revenue	5,802,725,042	6,903,448,673	6,529,089,773	7,344,272,795	7,789,941,739
Reconciliation with Summaries of Revenue—					
General Fund	5,699,889,486	6,773,703,062	7,327,745,838	7,242,388,185	7,238,865,245
Less transfers from Special Funds ..	(12,660,764)	(62,768,481)	(1,405,730,330)	(677,267,349)	(289,522,035)
Special Funds	636,046,302	488,913,886	873,667,613	1,030,516,017	1,041,461,204
Less transfers from General Fund ..	(520,549,982)	(296,399,794)	(266,593,348)	(251,364,058)	(200,862,675)
	<u>5,802,725,042</u>	<u>6,903,448,673</u>	<u>6,529,089,773</u>	<u>7,344,272,795</u>	<u>7,789,941,739</u>

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS
EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31**

	1981	1982	1983	1984	1985
	\$	\$	\$	\$	\$
General Government—					
Administrative	114,446,783	135,272,130	145,129,399	133,730,634	158,863,885
Legislative—					
Elections	1,732,323	3,598,653	6,892,751	10,828,286	2,610,532
Legislative Assembly and Government House	8,524,818	8,878,483	8,075,752	9,553,189	8,242,061
Total General Government	124,703,924	147,749,266	160,097,902	154,112,109	169,716,478
Protection of Persons and Property—					
Law enforcement	101,650,724	120,416,685	130,068,014	142,332,993	146,487,760
Corrections	88,481,895	94,915,883	108,154,126	110,644,158	107,003,400
Police protection	47,911,217	54,291,165	67,630,853	73,930,829	75,249,966
Registration, regulation, inspection, trusteeship	73,448,747	87,314,754	89,590,119	87,293,868	82,518,108
Total Protection of Persons and Property	311,492,583	356,938,487	395,443,112	414,201,848	411,259,234
Transportation and Communications—					
Highways, roads, bridges and airports	489,332,560	505,859,762	455,409,698	670,432,825	644,728,658
Waterways, ferries, docks and wharves	29,639,878	57,820,007	43,389,549	36,400,569	35,478,210
British Columbia Ferries	57,928,384	63,712,166	47,820,819	47,821,333	47,821,433
British Columbia Railway	84,000,000	128,151,155	77,000,000	77,000,000	37,809,461
Total Transportation and Communications	660,900,822	755,543,090	623,620,066	831,654,727	765,837,762
Health and Social Services—					
Health—					
Administration	22,056,343	19,093,359	19,441,811	22,774,229	29,453,535
Public health	105,027,207	126,321,834	171,137,220	142,264,684	156,249,954
Medical, dental and allied services	468,024,244	574,503,700	650,673,569	850,800,449	763,009,622
Hospital care—					
Administration	7,036,397	8,000,309	7,923,008	7,521,149	11,310,172
Payments to local hospitals	971,110,988	1,095,164,258	1,254,323,444	1,326,039,155	1,374,143,276
Provincial mental hospitals	126,889,556	150,380,313	166,788,754	175,921,242	172,548,174
Social Services—					
Administration	96,448,355	109,824,226	115,575,091	119,281,030	131,537,031
Aid to aged persons	32,204,678	37,107,344	39,373,857	34,036,131	32,699,283
Social assistance	623,724,689	701,678,600	892,497,370	1,112,692,519	1,176,985,039
Child welfare	83,953,048	104,379,375	135,101,840	139,602,469	132,483,059
Labour relations, industrial conciliation and arbitration	11,323,840	10,794,029	12,460,255	10,676,348	10,794,423
Total Health and Social Services	2,547,799,345	2,937,247,347	3,465,296,219	3,941,609,405	3,991,213,568

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS
EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31 — Continued**

	1981	1982	1983	1984	1985
	\$	\$	\$	\$	\$
Recreation and Cultural Services—					
Archives, art galleries, museums and libraries	18,472,106	20,207,230	16,888,383	18,818,513	17,344,553
Parks, beaches and other recreational areas	49,487,927	50,591,055	37,952,033	36,555,733	34,703,639
Physical culture	7,776,708	4,399,130	3,349,045	3,825,833	2,970,474
Other	6,064,750	5,969,060	4,996,370	4,276,696	3,854,297
Total Recreation and Cultural Services	81,801,491	81,166,475	63,185,831	63,476,775	58,872,963
Education—					
Administration	8,760,610	10,010,172	15,530,752	14,244,754	14,304,813
Schools operated by local authorities—					
Operating grants	465,827,304	530,152,224	585,253,642	631,202,171	651,171,481
Home-owner grants (school-levy portion)	216,220,230	228,877,782	235,661,041	236,742,485	242,182,490
Aids and services	34,295,451	37,350,367	27,246,303	26,035,343	27,881,712
Universities, colleges, vocational and other schools	511,342,595	632,147,931	689,109,548	698,067,941	654,513,528
Independent schools	10,854,527	13,239,672	17,171,821	37,901,416	24,866,464
Education of the handicapped	3,906,740	8,500,373	5,831,335	7,998,267	8,127,611
Teachers' pensions and unemployment insurance	69,046,446	96,385,037	103,210,207	104,792,441	105,614,187
Total Education	1,320,253,903	1,556,663,558	1,679,014,649	1,756,984,818	1,728,662,286
Natural Resource and Primary Industries—					
Fish and game	16,567,838	19,541,424	19,678,224	20,514,639	20,823,445
Forests (including fire suppression)	200,873,822	250,124,234	265,479,527	233,964,389	251,798,540
Lands-settlement and agriculture	107,065,742	185,903,116	155,412,015	159,051,812	139,275,913
Minerals and mines	22,242,553	24,592,107	20,643,424	17,791,913	23,056,108
Water resources	36,561,431	40,031,890	34,094,495	50,382,283	41,203,848
Other	8,360,472	1,745,750			
Total Natural Resource and Primary Industries	391,671,858	521,938,521	495,307,685	481,705,036	476,157,854
Trade and Industrial Development	79,046,616	88,309,337	59,808,755	60,756,715	52,351,550
Housing—					
Home-owner grants (nonschool-levy portion)	25,337,139	26,075,767	25,766,231	26,304,721	25,909,165
Home-acquisition	25,587,784	21,372,090	22,116,318	23,560,828	6,313,104
Renters' grants	21,688,625	21,627,785	22,044,034	467,247	
Other	46,318,516	45,763,646	52,179,909	30,233,951	22,974,204
Total Housing	118,932,064	114,839,288	122,106,492	80,566,747	55,196,473
Aid to Local Government—					
Grants in aid of local government	218,483,744	264,733,057	212,557,750	215,796,116	209,537,981
Transit subsidy	72,853,435	89,757,666	86,408,473	84,188,223	68,365,757
Planning and development	3,568,911	4,191,708	5,263,170	5,169,428	4,850,063
University Endowment Lands	2,830,658	3,490,921	3,977,510	3,749,909	3,830,217
Total Aid to Local Government	297,736,748	362,173,352	308,206,903	308,903,676	286,584,018
Interest on Public Debt¹	19,299,398	16,917,773	28,329,459	112,594,092	274,580,712

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS
EXPENDITURE BY FUNCTION FOR THE FISCAL YEARS ENDED MARCH 31 — Continued**

	1981	1982	1983	1984	1985
	\$	\$	\$	\$	\$
Other Expenditure—					
Provincial Emergency Program	9,870,012	8,749,909	5,921,657	5,821,533	9,201,355
Special Employment Program	26,159,317	17,760,557	46,134,936	38,243,518	10,635,792
Interest on deposits and revenue refunds	13,920,532	17,766,471	1,552,448	898,997	1,311,097
Lottery Fund grants	11,634,227	16,132,831	28,658,227	56,761,841	49,175,942
Crown corporation grants and other payments	21,838,889	53,358,895	10,000,000	46,228,520	439,968,934 ²
British Columbia Resources Investment Corporation—					
—Revaluation adjustment	22,004,858				
—Donation of investment		25,019,744			
Transfer of property to British Columbia Buildings Corporation		5,918,571	20,012,926	392,104	2,961,009
Sundry	393,000	3,276,675	597,500	1,439,707	127,700
Total Other Expenditure	105,820,835	147,983,653	112,877,694	149,786,220	513,381,829
Total Combined Expenditure	<u>6,059,459,587</u>	<u>7,087,470,147</u>	<u>7,513,294,767</u>	<u>8,356,352,168³</u>	<u>8,783,814,727</u>
Reconciliation with Summaries of Expenditure—					
General Fund	6,278,937,580	6,868,665,092	7,469,667,609	8,266,379,841 ³	8,242,725,976
Less transfers to Special Funds	(520,549,982)	(296,399,794)	(266,593,348)	(251,364,058)	(200,862,675)
Special Funds	313,732,753	577,973,330	1,715,950,836	1,018,603,734	1,031,473,461
Less transfers to General Fund	(12,660,764)	(62,768,481)	(1,405,730,330)	(677,267,349)	(289,522,035)
	<u>6,059,459,587</u>	<u>7,087,470,147</u>	<u>7,513,294,767</u>	<u>8,356,352,168³</u>	<u>8,783,814,727</u>

¹ Interest on debt for the purposes of the Province and not including interest on borrowings for government bodies (fiscal agency borrowings).

² Includes \$429,968,934 paid to the British Columbia Railway Company to provide for the retirement of long-term debt.

³ All 1984 and prior Expenditure, by Function, except for Interest on Public Debt, has been restated to reflect the inclusion of employee benefits, telecommunications and certain other expenses in the applicable detailed function. This change was implemented at the start of the 1984/85 fiscal year.

**SCHEDULE OF SPECIAL FUNDS TRANSACTIONS AND BALANCES
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	Balance March 31, 1984 ³	Revenue ²	Expenditures ¹	Balance March 31, 1985 ³
	\$	\$	\$	\$
Perpetual Funds—				
British Columbia Cultural Fund—				
Capital Account.....	20,000,000			20,000,000
Current Account.....	532,355	1,613,584	1,541,152	604,787
First Citizens' Fund—				
Capital Account.....	25,000,000			25,000,000
Current Account.....	1,246,572	1,942,932	1,674,708	1,514,796
Physical Fitness and Amateur Sports Fund—				
Capital Account.....	20,000,000			20,000,000
Current Account.....	650,230	1,616,307	1,723,373	543,164
	<u>67,429,157</u>	<u>5,172,823</u>	<u>4,939,233</u>	<u>67,662,747</u>
Other Funds—				
Farm Income Assurance Fund^{2,3}				
Contributed reserve.....	9,674,624			9,674,624
Operating balance.....	(6,312,920)	53,062,971	47,286,810	(536,759)
Fiscal Agency Loans Fund⁴				
Habitat Conservation Fund.....	1,121,200	1,599,081	1,319,074	1,401,207
Industrial Development Subsidiary Agreement Loan				
Repayment Revolving Fund ²	25,927,295	3,052,061	1,526,031	27,453,325
Lottery Fund.....	29,444,311	84,493,299	52,201,292	61,736,318 ⁵
Resource Revenue Stabilization Fund ¹		719,490,969	719,490,969	
Revenue Sharing Fund ²	30,127,945	174,590,000	204,710,052	7,893
	<u>89,982,455</u>	<u>1,036,288,381</u>	<u>1,026,534,228</u>	<u>99,736,608</u>
Total Special Funds.....	<u>157,411,612</u>	<u>1,041,461,204</u>	<u>1,031,473,461</u>	<u>167,399,355</u>

¹ Special Fund expenditures include amounts transferred as revenue to the General Fund as follows:

A balance of \$289,522,035 in the Resource Revenue Stabilization Fund was transferred to the General Fund by order of the Lieutenant Governor in Council under section 4 of the *Resources Revenue Stabilization Fund Act*.

² Special Fund revenues include amounts transferred as expenditures from the General Fund as follows:

Farm Income Assurance Fund—\$26,272,675.

Revenue Sharing Fund—\$174,590,000.

³ Balance of the Farm Income Assurance Fund has been separated into its components of a contributed reserve for stabilization account and operating or current account balance. The contributed reserve represents the remains of advances made by the Provincial government to the Fund to cover short term deficits of individual programs.

⁴ Fiscal Agency Loans Fund was established under section 41.2 of the *Financial Administration Act* and is used to hold amounts in transit through the government accounts as loans made to government bodies from funds borrowed by the government for that specific purpose. All revenue and expenses incurred through these transactions are considered applicable to either the general fund or the end borrowing body, and therefore, this fund has no revenue or expenditure to report. Since all borrowings are general fund liabilities, the assets held in this fund are also considered as payable to the general fund, and no fund balance will ever remain after recognition of the payables.

⁵ The balance of the Lottery Fund at March 31, 1985 includes \$13,282,332 recoverable advance to the British Columbia Lottery Corporation.

**SCHEDULE OF COMBINED GENERAL FUND AND SPECIAL FUNDS
EXPENDITURE BY OBJECTS OF EXPENDITURE CLASSIFICATION (GROUPED)³
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

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Ministry	Salaries and Benefits \$	Operating Costs \$	Asset Acquisitions \$	Grants and Contributions \$	Other Expenditures \$	Less: Recoveries \$	Total Expenditures \$
Legislation.....	4,202,167	877,203	273,651	62,581	2,193,447		7,609,049
Auditor General.....	2,901,169	713,418	25,678	5,000		(164,634)	3,480,631
Ombudsman.....	1,166,748	773,610	60,395				2,000,753
Premier's Office.....	547,677	134,805	13,177				695,659
Agriculture and Food.....	16,439,306	8,309,770	944,079	37,859,353 ¹	3,915,615	(152,816)	67,315,307
Attorney General.....	144,724,088	100,752,832	5,543,073	108,910,713	15,196,219	(5,276,863)	369,850,062
Consumer and Corporate Affairs.....	13,231,773	5,703,998	674,534				19,610,305
Education.....	14,509,967	29,132,968	2,371,499	2,060,286,048	1,509,073	(710,238,339)	1,397,571,216
Energy, Mines and Petroleum Resources.....	12,111,108	13,042,276	581,002	1,511,120		(553,892)	26,691,614
Environment.....	48,046,181	34,294,124	11,415,919	3,061,119	4,067	(1,357,175)	95,464,235
Finance.....	32,290,893	21,827,222	950,996	8,590,642	90,913,342	(95,392,237)	59,180,858
Forests.....	121,010,258	126,860,825	11,079,346	1,955,000	7,705	(6,103,950)	254,809,184
Health.....	219,171,511	98,020,684	4,932,244	2,249,614,115	190,561	(14,343,077)	2,557,586,038
Human Resources.....	136,605,231	53,707,478	3,801,626	1,226,118,038		(3,192,526)	1,417,039,847
Industry and Small Business Development.....	7,017,999	5,753,059	184,794	39,929,008	1,096,480	(21,105)	53,960,235
Intergovernmental Relations.....	1,534,844	538,600	124,455	40,000			2,237,899
International Trade and Investment.....	137,040	157,364	10,659	23,222			328,285
Labour.....	26,527,607	8,633,406	1,368,258	17,812,876		(1,925,432)	52,416,715
Lands, Parks and Housing.....	35,998,979	18,975,978	3,430,232	16,264,011	14,178,143	(951,630)	87,895,713
Municipal Affairs.....	3,604,005	1,295,717	111,785	179,435,154 ¹			184,446,661
Provincial Secretary and Government Services.....	37,667,238	47,481,469	1,776,438	7,091,387	562,851	(13,960,146)	80,619,237
Tourism.....	2,989,704	3,775,916	80,413	781,303	1,102	(590,713)	7,037,725
Transportation and Highways.....	208,376,863	238,516,034	274,103,939	56,105,068	124,219	(859,742)	776,366,381
Universities, Science and Communications.....	3,126,176	1,535,782	1,140,882	338,289,005		(3,979,937)	340,111,908
Other Voted Appropriations.....	5,607,200	6,582,328		88,901,972	277,308,959		378,400,459
Less: Transfers to Special Funds.....				(200,862,675) ¹			(200,862,675)
Special Funds.....	804,360	3,405,291	86,751	978,364,219 ²	48,812,840		1,031,473,461
Less: Transfers to General Fund.....				(289,522,035) ²			(289,522,035)
Combined Expenditure.....	<u>1,100,350,092</u>	<u>830,802,157</u>	<u>325,085,825</u>	<u>6,930,626,244</u>	<u>456,014,623</u>	<u>(859,064,214)</u>	<u>8,783,814,727</u>
Comparative—1984 Combined Expenditure.....	<u>1,168,196,236</u>	<u>888,981,922</u>	<u>299,294,154</u>	<u>6,579,420,246</u>	<u>211,963,859</u>	<u>(791,504,249)</u>	<u>8,356,352,168</u>

¹ Transfers to Special Funds of \$200,862,675 are composed of Agriculture (Farm Income Assurance) \$26,272,675 and Municipal Affairs (Revenue Sharing Fund) \$174,590,000.

² Transfer to the General Fund of \$289,522,035 is composed of revenue from the Resource Revenue Stabilization Fund.

³ The grouped expenditure classification has been revised to correspond to the Estimates' group account classification. The 1984 comparative expenditures also have been restated.

PROVINCE OF BRITISH COLUMBIA

**SCHEDULE OF RESOURCE REVENUE BY SOURCE
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

Estimated	Source	Revenue	
\$		\$	\$
	Petroleum and Natural Gas:		
116,000,000	British Columbia Petroleum Corporation	140,013,142	
61,000,000	Permits and Fees ¹	97,811,166	
96,000,000	Petroleum and Natural Gas Royalties	100,061,797	
<u>273,000,000</u>			337,886,105
	Minerals:		
1,000,000	Mining Tax	2,182,576	
4,500,000	Mineral Resource Tax	5,850,159	
16,500,000	Mineral Land Tax	17,408,539	
13,000,000	Coal, Minerals and Metals Royalties	21,653,351	
7,000,000	Miscellaneous Mining Receipts	7,129,131	
<u>42,000,000</u>			54,223,756
	Forests:		
2,000,000	Logging Tax	4,313,466	
140,000,000	Timber Sales ²	97,411,290	
12,000,000	Timber Royalties	14,663,507	
5,000,000	Forest Scaling Fees	5,417,582	
4,000,000	Miscellaneous Forest Receipts	5,498,425	
<u>163,000,000</u>			127,304,270
	Other:		
189,000,000	Water Rentals and Recording Fees	190,840,415	
12,000,000	Wildlife Act—Fees and Licences	10,658,970	
<u>201,000,000</u>			201,499,385
<u>679,000,000</u>	Total Resource Revenue		<u>720,913,516</u>
	Habitat Conservation Fund's Share of Resource Revenue		1,422,547
	General Fund's Share of Resource Revenue ³		289,522,035
	Resource Revenue Stabilization Fund's Share of Resource Revenue		<u>429,968,934</u>
			<u>720,913,516</u>

¹ Permits and Fees are net of offsets allowed under section 68 of the *Petroleum and Natural Gas Act* of \$2,166,000.

² Timber sales are net of stumpage offsets allowed under section 88 of the *Forest Act*—\$65,510,947 (Estimates \$59,000,000).

³ General Fund's share of Resource Revenue is transferred from the Resource Revenue Stabilization Fund.

**SCHEDULE OF GENERAL FUND REVENUE BY SOURCE
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

Estimated	Source	Revenue
\$		\$
	Taxation Revenue:	
2,148,000,000	Personal Income ¹	1,853,296,653
383,000,000	Corporation Income ¹	366,164,204
1,371,000,000	Social Service	1,331,342,643
391,000,000	Gasoline	411,932,509
51,000,000	Motive Fuel Use	56,394,694
156,000,000	Tobacco	159,315,452
87,000,000	Corporation Capital	86,998,874
41,000,000	Property (rural areas)	41,008,063
23,000,000	Insurance Premium	22,039,794
25,000,000	Hotel Room	25,099,624
8,000,000	Horse Racing	6,801,580
	Succession and Gift	159,231
<u>4,684,000,000</u>	Total Taxation Revenue	<u>4,360,553,321</u>
	Natural Resource Revenue:	
<u>207,600,000</u>	General Fund's Share of Resource Revenue ²	289,522,035
	Other Revenue:	
	Sales and Services:	
35,000,000	Land Registry Fees	27,318,053
26,500,000	Real Estate Earnings of the Crown Land Account	21,062,600
11,200,000	Medicare Services Recoveries	10,640,191
8,340,000	Motor Vehicle Lien and Search Fees	6,245,954
5,600,000	Ambulance Service	6,924,450
4,700,000	Ferry Revenue	4,749,026
2,300,000	Sheriffs' Fees	1,387,787
2,100,000	Property Tax Collection Fees	2,278,161
1,900,000	Vital Statistics Fees	2,115,405
1,000,000	Hearing Aid Equipment	1,262,261
600,000	Sales of Maps and Airphotos	414,478
4,300,000	University Endowment Lands Revenue	485,653
	Miscellaneous Sales and Services	5,920,312
<u>103,540,000</u>		<u>90,804,331</u>
	Licences and Permits:	
118,000,000	Motor Vehicle Licences and Permits	124,191,583
16,000,000	Liquor Licensing Branch—Permits and Fees	15,484,118
8,000,000	Companies Branch	7,850,586
5,500,000	Safety Inspection Fees	5,053,872
6,000,000	Filing Fees — Court Services	3,673,103
3,300,000	Camp-site Permits and Park Use	3,623,201
3,000,000	Fire Services Act—Fees, etc.	3,651,086
3,000,000	Insurance, Brokers and Real Estate	2,109,084
1,300,000	Agricultural Licences	1,396,338
1,000,000	Trade and Dealer Licences	414,799
900,000	Mobile Home Registry	633,971
4,000,000	Miscellaneous Licences and Permits	2,579,383
<u>170,000,000</u>		<u>170,661,124</u>
63,078,000	Income from Investments	97,457,156

**SCHEDULE OF GENERAL FUND REVENUE BY SOURCE
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

Estimated	Source	Revenue		
\$	Other Revenue—Continued	\$	\$	\$
	Miscellaneous:			
19,000,000	Fines and Penalties.....	16,248,367		
11,000,000	Maintenance of Children.....	19,330,507		
4,500,000	Other Maintenance Receipts.....	1,903,227		
9,500,000	Insurance Claim Receipts.....	11,806,495		
22,500,000	Other Miscellaneous Revenue.....	24,295,292		
2,500,000	Municipal Share of Joint Service Program....	3,250,180		
<u>69,000,000</u>			76,834,068	
	Non-recurring Recoveries:			
	British Columbia Buildings Corporation— Sale of Property.....	743,413		
	British Columbia Development Corporation—Net Revenue from L.I.L.A. Loans.....	<u>1,019,309</u>		
			<u>1,762,722</u>	
<u>405,618,000</u>	Total Other Revenue			437,519,401
	Contributions From Government Enterprises:			
370,000,000	Liquor Distribution Branch ³		355,898,655	
	British Columbia Buildings Corporation.....		<u>4,404,000</u>	
<u>370,000,000</u>	Total Contributions from Gov- ernment Enterprises			360,302,655
	Contributions From the Federal Government:			
871,000,000	Established Programs Financing.....	1,059,490,000		
501,000,000	Canada Assistance Plan.....	572,860,899		
	Fiscal Stabilization Program.....	35,000,000		
62,000,000	Adult Occupational Training.....	51,544,002		
8,000,000	Economic Development.....	8,521,851		
5,000,000	Public Utilities Income Tax Transfer Act.....	3,379,444		
14,000,000	Transportation and Highways.....	14,360,315		
2,500,000	Statutory Subsidies.....	2,515,831		
17,000,000	Reciprocal Taxation Agreement.....	19,318,000		
10,500,000	Other Payments.....	<u>23,977,491</u>		
<u>1,491,000,000</u>	Total Contributions from the Federal Government		<u>1,790,967,833</u>	
<u>7,158,218,000</u>	General Fund Revenue			<u>7,238,865,245</u>

Certain revenues include interest and penalties assessed on overdue accounts.

Revenue by source is reported after the deduction of amounts considered uncollectible. These amounts totalled \$18,491,619 in 1984/85 and were comprised of reductions of Taxation \$9,051,807, Natural Resources \$6,015,056, Contributions from Federal Government \$26,635, Other \$3,398,121.

¹ Personal and Corporation income tax revenues are recorded after reduction for tax credits of \$3,427,042 and \$11,525,736 respectively. Taxes are reduced for the payment of foreign tax, logging tax, political contributions, for recipients of Housing and Employment Development bond interest, low income, and royalty rebates.

² General Fund's share of Resource Revenue is transferred from the Resource Revenue Stabilization Fund.

³ The British Columbia Liquor Distribution Branch revenue is the net income of the Branch after adjusting for the difference in the accounting policies of the Branch from those of the Government. Revenue of \$355,898,655 is comprised of gross revenue of \$940,038,807 less cost of merchandise sold and operating expenses of \$586,359,963 and an accounting policy adjustment which adds back \$2,219,811 for the decrease in value of fixed assets. (Refer to Section G of the Public Accounts for complete financial statements of the Branch.)

**SCHEDULE OF GENERAL FUND EXPENDITURE BY MINISTRY
SHOWING EXPENDITURE COMPARED WITH MAIN ESTIMATES
AND OTHER AUTHORIZATIONS FOR THE FISCAL YEAR
ENDED MARCH 31, 1985**

Ministry	Total Appropriations			Actual Expenditures \$	Net Under Expenditures \$
	Estimated \$	Other Authorizations \$	Total \$		
Legislation	7,616,302		7,616,302	7,609,049	7,253
Auditor General	3,488,068	32,000	3,520,068	3,480,631	39,437
Ombudsman	1,938,020	66,000	2,004,020	2,000,753	3,267
Premier's Office	697,886		697,886	695,659	2,227
Agriculture and Food	74,894,522	42,646	74,937,168	67,315,307	7,621,861
Attorney General	344,187,821	25,707,574	369,895,395	369,850,062	45,333
Consumer and Corporate Affairs	19,034,358	1,151,377	20,185,735	19,610,305	575,430
Education	1,355,884,889	41,860,318	1,397,745,207	1,397,571,216	173,991
Energy, Mines and Petroleum					
Resources	23,578,860	6,399,272	29,978,132	26,691,614	3,286,518
Environment	91,542,146	7,196,247	98,738,393	95,464,235	3,274,158
Finance	58,859,803	1,559,557	60,419,360	59,180,858	1,238,502
Forests	252,252,421	11,500,000	263,752,421	254,809,184	8,943,237
Health	2,539,083,796	23,506,517	2,562,590,313	2,557,586,038	5,004,275
Human Resources	1,281,424,058	154,100,000	1,435,524,058	1,417,039,847	18,484,211
Industry and Small Business					
Development	46,032,013	13,892,962	59,924,975	53,960,235	5,964,740
Intergovernmental Relations	2,435,407	4,579	2,439,986	2,237,899	202,087
International Trade and Investment		467,284	467,284	328,285	138,999
Labour	57,912,100	332,382	58,244,482	52,416,715	5,827,767
Lands, Parks and Housing	84,758,860	5,831,873	90,590,733	87,895,713	2,695,020
Municipal Affairs	185,050,783	5,000	185,055,783	184,446,661	609,122
Provincial Secretary and Government					
Services	84,390,210		84,390,210	80,619,237	3,770,973
Tourism	7,872,511	22,504	7,895,015	7,037,725	857,290
Transportation and Highways	569,033,423	227,278,000	796,311,423	776,366,381	19,945,042
Universities, Science and					
Communications	340,299,743		340,299,743	340,111,908	187,835
Other Appropriations:					
Student Employment Programs	10,000,000		10,000,000	8,875,844	1,124,156
Transit Services	75,500,000		75,500,000	68,156,726	7,343,274
Interest on Public Debt	237,600,000	36,536,079	274,136,079	274,136,079	
Contingencies	50,000,000		50,000,000	27,231,810	22,768,190
	<u>7,805,368,000¹</u>	<u>557,492,171</u>	<u>8,362,860,171</u>	<u>8,242,725,976</u>	<u>120,134,195</u>
¹ Main Estimates Voted	7,776,000,000				
Special Accounts Estimate	29,368,000				
	<u>7,805,368,000</u>				

**SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		\$	\$	\$	\$	\$
Legislation						
1	Legislation	7,616,302		7,616,302	7,609,049	7,253
Auditor General						
2	Auditor General	3,488,068				
	Supplement—Special Warrant No. 10		32,000	3,520,068	3,480,631	39,437
Ombudsman						
3	Office of the Ombudsman	1,938,020				
	Supplement—Special Warrant No. 11		66,000	2,004,020	2,000,753	3,267
Premier's Office						
4	Premier's Office	697,886		697,886	695,659	2,227
Ministry of Agriculture and Food						
5	Minister's Office	190,978		190,978	172,391	18,587
6	Ministry Operations	73,117,362		73,117,362	65,846,792	7,270,570
7	Milk Board	246,719		246,719	246,699	20
8	Provincial Agricultural Land Commission	824,463		824,463	782,316	42,147
	Statutory— <i>Cattle Horn Act</i> (R.S.B.C. 1979, chap. 44, sec. 7)— Livestock improvement		42,646	42,646	42,646	
		74,379,522	42,646	74,422,168	67,090,844	7,331,324
	Special Accounts— <i>Livestock Protection Act</i> (R.S.B.C. 1979, chap. 245, sec. 14)	15,000		15,000	9,401	5,599
	<i>Farm Product Industry Act</i> (R.S.B.C. 1979, chap. 124, sec. 16)	500,000		500,000	215,062	284,938
		74,894,522	42,646	74,937,168	67,315,307	7,621,861

PUBLIC ACCOUNTS 1984/85

**SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

B 34

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		\$	\$	\$	\$	\$
Ministry of Attorney General						
9	Minister's Office.....	200,506		200,506	188,428	12,078
10	Ministry Operations.....	224,410,418				
	Supplement—Special Warrant No. 12.....		6,400,000			
	Statutory—					
	<i>Crown Proceeding Act</i> (R.S.B.C. 1979, chap. 86, sec. 13).....		13,376,100			
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 23 (3)).....		(631,486)			
	<i>Criminal Injury Compensation Act</i> (R.S.B.C. 1979, chap. 83, sec. 2 (5)).....		2,655,824	246,210,856	246,210,856	
11	Judiciary.....	12,996,553		12,996,553	12,963,298	33,255
12	Corrections.....	106,580,344				
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 23 (3)).....		89,509	106,669,853	106,669,853	
	Statutory—					
	<i>Indian Cut-off Lands Disputes Act</i> (S.B.C. 1982, chap. 50, sec. 5)—Chemainus and Beecher Bay.....		127,700	127,700	127,700	
	<i>Young Offenders (British Columbia) Act</i> (S.B.C. 1984, chap. 30, sec. 24).....		3,669,000	3,669,000	3,669,000	
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (see B 59 for detail)					
		344,187,821	25,686,647	369,874,468	369,829,135	45,333
	Special Account— <i>Land Title Act</i> (R.S.B.C. 1979, chap. 219, sec. 274).....		20,927	20,927	20,927	
		344,187,821	25,707,574	369,895,395	369,850,062	45,333
Ministry of Consumer and Corporate Affairs						
13	Minister's Office.....	200,449				
	Supplement—Special Warrant No. 13.....		12,000	212,449	205,776	6,673
14	Ministry Operations.....	18,833,909				
	Statutory— <i>Residential Tenancy Act</i> (S.B.C. 1984, chap. 15, sec. 55).....		1,139,377	19,973,286	19,404,529	568,757
		19,034,358	1,151,377	20,185,735	19,610,305	575,430

PROVINCE OF BRITISH COLUMBIA

Ministry of Education					
15	Minister's Office.....	186,000	186,000	173,068	12,932
16	Management Operations and Educational Finance.....	24,148,535			
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 20 (3)).....		721,611	24,870,146	24,859,793
17	Public Schools Education.....	999,534,707			10,353
	Supplement—Special Warrant No. 14.....		9,000,000		
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 20 (3)).....		8,079,239		
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 23 (3)).....		22,794,198	1,039,408,144	1,039,408,144
18	Post-Secondary Colleges and Institutes.....	308,659,687		308,659,687	308,508,983
19	Independent Schools.....	23,355,960		23,355,960	23,355,958
	Statutory— <i>Education (Interim) Finance Act</i> (S.B.C. 1982, chap. 2, sec. 20 (6)).....		1,261,230	1,261,230	1,261,230
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on property tax refunds.....		4,040	4,040	4,040
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail).....				
		1,355,884,889	41,860,318	1,397,745,207	1,397,571,216
					173,991
Ministry of Energy, Mines and Petroleum Resources					
20	Minister's Office.....	151,016		151,016	146,711
21	Resource Management Program.....	18,381,400			4,305
	Supplement—Special Warrant No. 4.....		5,500,000	23,881,400	23,095,067
22	British Columbia Utilities Commission.....	1,546,444			786,333
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 20 (3)).....		230,862	1,777,306	1,777,306
23	Fort Nelson Indian Band Mineral Revenue Sharing Agreement.....	3,500,000		3,500,000	1,439,120
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 21 (1))—Special Warrant No. 3—Loan to Scottie Gold Mines Ltd.		435,000	435,000	435,000
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 24 (1) (c))—Interest on revenue refunds.....		200,625	200,625	200,625
	<i>Mines Act</i> (S.B.C. 1980, chap. 28, sec. 15 (2))—Mine improvement.....		32,785	32,785	32,785
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail).....				
		23,578,860	6,399,272	29,978,132	26,691,614
					3,286,518

**SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

B 36

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		\$	\$	\$	\$	\$
Ministry of Environment						
24	Minister's Office.....	145,194		145,194	119,312	25,882
25	Resource and Environmental Management.....	88,866,952		88,866,952	87,982,951	884,001
26	Emergency Assistance.....	2,530,000		2,530,000	165,725	2,364,275
	Statutory—					
	<i>Flood Relief Act</i> (R.S.B.C. 1979, chap. 138, sec. 2)—Flood costs		7,114,822	7,114,822	7,114,822	
	<i>Emergency Program Act</i> (R.S.B.C. 1979, chap. 106, sec. 16)—					
	Purchase of property subject to hazard.....		73,300	73,300	73,300	
	<i>Environment Management Act</i> (S.B.C. 1981, chap. 14, sec. 6					
	(1)—Byrne Disaster.....		4,858	4,858	4,858	
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 15					
	(1)—Extinguishment of debt.....		3,267	3,267	3,267	
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22					
	(1)—Net of recoveries (<i>see</i> B 59 for detail)					
		91,542,146	7,196,247	98,738,393	95,464,235	3,274,158
Ministry of Finance						
27	Minister's Office.....	185,567		185,567	177,182	8,385
28	Government Financial Support.....	57,619,011		57,619,011	56,564,374	1,054,637
29	Provincial Capital Commission.....	256,500		256,500	256,500	
30	Compensation Stabilization Program.....	798,725		798,725	623,245	175,480
	Statutory—					
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 53 (f))—					
	Issue costs.....		444,634	444,634	444,634	
	<i>Unclaimed Money Act</i> (R.S.B.C. 1979, chap. 418, sec. 4)—					
	Payment of claims.....		3,834	3,834	3,834	
	<i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 24 (1)					
	(c)—Interest on revenue refunds.....		1,110,472	1,110,472	1,110,472	
	<i>Resource Investment Corporation Act</i> (R.S.B.C. 1979, chap. 366,					
	part 5, sec. 17)—Donation of shares.....		617	617	617	
		58,859,803	1,559,557	60,419,360	59,180,858	1,238,502

PROVINCE OF BRITISH COLUMBIA

Ministry of Forests						
31	Minister's Office.....	155,718		155,718	155,142	576
32	Forest and Range Management.....	206,096,703				
	Supplement —					
	Special Warrant No. 6.....		6,500,000			
	Special Warrant No. 7.....		5,000,000	217,596,703	217,061,751	534,952
33	Fire Suppression Program.....	46,000,000		46,000,000	37,592,291	8,407,709
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail)					
		252,252,421	11,500,000	263,752,421	254,809,184	8,943,237
Ministry of Health						
34	Minister's Office.....	199,325		199,325	181,470	17,855
35	Management Operations.....	65,735,518		65,735,518	64,588,266	1,147,252
36	Medical Services Commission.....	539,126,634				
	Statutory— <i>Medical Services Act</i> (R.S.B.C. 1979, chap. 255, sec. 12)		23,427,555	562,554,189	562,554,189	
37	Preventive and Community Health Care Services.....	187,672,739		187,672,739	184,191,892	3,480,847
38	Institutional Services.....	1,746,349,580		1,746,349,580	1,745,991,259	358,321
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail)		78,962	78,962	78,962	
		2,539,083,796	23,506,517	2,562,590,313	2,557,586,038	5,004,275
Ministry of Human Resources						
39	Minister's Office.....	208,514		208,514	195,139	13,375
40	Ministry Programs.....	1,281,215,544				
	Supplement—Special Warrant No. 8.....		154,100,000	1,435,315,544	1,416,844,708	18,470,836
		1,281,424,058	154,100,000	1,435,524,058	1,417,039,847	18,484,211
Ministry of Industry and Small Business Development						
41	Minister's Office.....	150,674		150,674	143,494	7,180
42	Ministry Operations.....	43,881,339				
	Statutory— <i>Constitution Act</i> (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C. 302/85)—Transfer to Ministry of International Trade and Investment.....		(467,217)			
	Supplement—Special Warrant No. 1.....		14,359,461	57,773,583	53,533,038	4,240,545
	Statutory— <i>Public Service Act</i> (R.S.B.C. 1979, chap. 343, sec. 78)—Medical expenses, London, England.....		718	718	718	
		44,032,013	13,892,962	57,924,975	53,677,250	4,247,725
	Special Account—North East Coal Development— <i>Special Appropriations Act</i> (S.B.C. 1982, chap. 40, sec. 6).....	2,000,000		2,000,000	282,985	1,717,015
		46,032,013	13,892,962	59,924,975	53,960,235	5,964,740

**SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

B 38

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated \$	Other Authorizations \$	Total \$		
Ministry of Intergovernmental Relations						
43	Minister's Office	125,531		125,531	124,776	755
44	Intergovernmental Relations	2,309,876		2,309,876	2,108,544	201,332
	Statutory— <i>Public Service Act</i> (R.S.B.C. 1979, chap. 343, sec. 78)— Medical expenses, London, England		4,579	4,579	4,579	
		2,435,407	4,579	2,439,986	2,237,899	202,087
Ministry of International Trade and Investment						
	Ministry Operations					
	Statutory— <i>Constitution Act</i> (R.S.B.C. 1979, chap. 62, secs. 13 and 14, O.I.C. 302/85) — Transfer from Ministry of Industry and Small Business Development		467,217	467,217	328,218	138,999
	Statutory— <i>Public Service Act</i> (R.S.B.C. 1979, chap. 343, sec. 78)— Medical expenses, London, England		67	67	67	
			467,284	467,284	328,285	138,999
Ministry of Labour						
45	Minister's Office	196,554		196,554	195,328	1,226
46	Ministry Operations	57,715,546				
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 23 (3))		(18,936)	57,696,610	51,870,069	5,826,541
	Statutory— <i>Human Rights Act</i> (S.B.C. 1984, chap. 22, sec. 25)		350,677	350,677	350,677	
	<i>Pulp and Paper Collective Bargaining Assistance Act</i> (S.B.C. 1984, chap. 10, sec. 12)		641	641	641	
		57,912,100	332,382	58,244,482	52,416,715	5,827,767

PROVINCE OF BRITISH COLUMBIA

Ministry of Lands, Parks and Housing						
47	Minister's Office.....	191,758		191,758	127,753	64,005
48	Ministry Operations	59,589,082		59,589,082	58,189,345	1,399,737
49	Ministry Enterprises.....	10		10		10
50	British Columbia Home Program	10		10		10
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail)					
		59,780,860		59,780,860	58,317,098	1,463,762
	Special Accounts—					
	Crown Land— <i>Ministry of Lands, Parks and Housing Act</i> (R.S.B.C. 1979, chap. 277, sec. 7)	18,500,000	2,350,073	20,850,073	20,850,073	
	Provincial Home Acquisition— <i>Home Conversion and Leasehold Loan Act</i> (R.S.B.C. 1979, chap. 170, sec. 17) and <i>Home Purchase Assistance Act</i> (R.S.B.C. 1979, chap. 172, sec. 21) ...	4,000,000	3,481,800	7,481,800	7,481,800	
	<i>University Endowment Land Act</i> (R.S.B.C. 1979, chap. 420, sec. 3).....	2,478,000		2,478,000	1,246,742	1,231,258
		84,758,860	5,831,873	90,590,733	87,895,713	2,695,020
Ministry of Municipal Affairs						
51	Minister's Office.....	174,580				
	Supplement — Special Warrant No. 15		5,000	179,580	178,669	911
52	Operations and Administration	9,186,203		9,186,203	8,669,749	516,454
53	Municipal Revenue Sharing	174,590,000		174,590,000	174,590,000	
		183,950,783	5,000	183,955,783	183,438,418	517,365
	Special Account—Downtown Revitalization— <i>Special Appropriations Act</i> (S.B.C. 1982, chap. 40, sec. 2)	1,100,000		1,100,000	1,008,243	91,757
		185,050,783	5,000	185,055,783	184,446,661	609,122
Ministry of Provincial Secretary and Government Services						
54	Minister's Office.....	190,839		190,839	175,763	15,076
55	Provincial Secretary and Government Services.....	33,373,140		33,373,140	31,476,003	1,897,137
56	Government Information Services	18,915,859		18,915,859	18,443,832	472,027
57	Culture, Heritage and Recreation	17,884,946		17,884,946	17,496,141	388,805
58	Government Personnel, Pensions and Employee Benefits Administration	13,250,416		13,250,416	12,389,061	861,355
59	Pensions and Employee Benefits Contributions	10		10		10
	Statutory— <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 22 (1))—Net of recoveries (<i>see</i> B 59 for detail)					
		83,615,210		83,615,210	79,980,800	3,634,410
	Special Account—Provincial Computerization of Libraries— <i>Special Appropriations Act</i> (S.B.C. 1982, chap. 40, sec. 7)	775,000		775,000	638,437	136,563
		84,390,210		84,390,210	80,619,237	3,770,973

**SCHEDULE OF GENERAL FUND EXPENDITURE BY APPROPRIATION
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

B 40

Vote No.	Description	Total Appropriations			Actual Expenditure	Net Under Expenditure
		Estimated	Other Authorizations	Total		
		\$	\$	\$	\$	\$
Ministry of Tourism						
60	Minister's Office.....	141,801		141,801	139,700	2,101
61	Ministry Operations	7,730,710		7,730,710	6,875,521	855,189
	Statutory— <i>Public Service Act</i> (R.S.B.C. 1979, chap. 343, sec. 78)— Medical expenses, London, England and California, U.S.A.....		22,504	22,504	22,504	
		7,872,511	22,504	7,895,015	7,037,725	857,290
Ministry of Transportation and Highways						
62	Minister's Office.....	218,797		218,797	187,780	31,017
63	Administration and Services Department	10,213,139		10,213,139	10,046,932	166,207
64	Highway Operations Department.....	461,206,535				
	Supplement —					
	Special Warrant No. 2.....		100,000,000			
	Special Warrant No. 16.....		121,588,000	682,794,535	665,617,406	17,177,129
65	Hydro Development—Highway Construction	10		10		10
66	Motor Vehicle Department.....	28,035,515				
	Supplement — Special Warrant No. 5		4,820,000	32,855,515	31,989,706	865,809
67	Motor Carrier Commission and Branch	2,627,154		2,627,154	2,583,689	43,465
68	Transportation Policy Department	5,695,879		5,695,879	4,596,198	1,099,681
69	Air Services Branch	5,228,694		5,228,694	5,073,237	155,457
70	Crown Corporation Assistance	55,807,700		55,807,700	55,471,433	336,267
	Statutory — <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 21 (1)) — Special Warrant No. 17 — Grant <i>re</i> Newman Creek Railway Bridge.....		870,000	870,000	800,000	70,000
		569,033,423	227,278,000	796,311,423	776,366,381	19,945,042
Ministry of Universities, Science and Communications						
71	Minister's Office.....	127,518		127,518	126,342	1,176
72	Ministry Operations	11,923,515		11,923,515	11,754,551	168,964
73	Government Telecommunications Services	10		10	10	
74	Universities.....	328,248,700		328,248,700	328,231,005	17,695
		340,299,743		340,299,743	340,111,908	187,835

PROVINCE OF BRITISH COLUMBIA

Other Voted Appropriations						
75	Student Employment Programs (Minister of Labour)	10,000,000		10,000,000	8,875,844	1,124,156
76	Transit Services (Minister of Human Resources)	75,500,000		75,500,000	68,156,726	7,343,274
77	Interest on the Public Debt (Minister of Finance)	237,600,000				
	Statutory — <i>Financial Administration Act</i> (S.B.C. 1981, chap. 15, sec. 53 (a))		36,536,079	274,136,079	274,136,079	
78	Contingencies (All Ministries — Minister of Finance)	50,000,000		50,000,000	27,231,810	22,768,190
		373,100,000	36,536,079	409,636,079	378,400,459	31,235,620
	Total, General Fund Expenditure	7,805,368,000	557,492,171	8,362,860,171	8,242,725,976	120,134,195

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF GUARANTEED DEBT
AS AT MARCH 31, 1985**

Debt of municipalities and other local governments, private enterprises and individuals, and debt and minority interests of Provincial Crown corporations which has been explicitly guaranteed or indemnified by the Province under the authority of a statute as to net principal and accrued interest outstanding.

	1985		1984	
	Gross Outstanding ² \$	Net Sinking Funds ² \$	Net Outstanding \$	Net Outstanding \$
Municipalities and other local governments—				
(1) Guarantees authorized pursuant to the <i>Municipalities Assistance Act</i> , sec. 3 (serials)	4,193,377		4,193,377	8,795,003
(2) Guarantees authorized pursuant to the <i>Municipal Act</i> , part 25, sec. 854, debentures (principally serials)	24,808,390	10,019,346	14,789,044	16,233,141
(3) Greater Vancouver Sewerage and Drainage District debentures (some serials)	10,149,355	10,149,355		
Subtotal, municipalities and other local governments	39,151,122	20,168,701	18,982,421	25,028,144
Government services—				
(4) Guarantees authorized pursuant to the <i>British Columbia Buildings Corporation Act</i> , sec. 13 ¹ —				
Debentures — funded	521,915,807	29,632,166	492,283,641	501,663,547
Notes — unfunded				60,052,027
(5) Guarantees authorized pursuant to the <i>System Act</i> , sec. 20 ¹ —				
Debentures — funded	54,051,356	2,034,017	52,017,339	51,636,948
Subtotal, Government services	575,967,163	31,666,183	544,300,980	613,352,522
Health and education —				
(6) Guarantees authorized pursuant to the <i>Educational Institution Capital Finance Act</i> , sec. 9 —				
Debentures — funded ¹	425,276,767	35,211,157	390,065,610	385,278,841
(7) Guarantees authorized pursuant to the <i>Financial Administration Act</i> , sec. 56				
Student aid loans	9,955,185		9,955,185	
Riverview Hospital Volunteer Association	15,000		15,000	
(8) Guarantees authorized pursuant to the <i>Hospital District Finance Act</i> , sec. 9 —				
Debentures — funded ¹	992,604,096	244,113,475	748,490,621	741,792,821
(9) Guarantees authorized pursuant to the <i>School District Capital Finance Act</i> , sec. 9 ¹ —				
Debentures — funded	1,597,078,581	621,507,716	975,570,865	992,387,067
— unfunded	1,200,333		1,200,333	4,245,316
Subtotal, health and education	3,026,129,962	900,832,348	2,125,297,614	2,123,704,045
Economic development —				
(10) Guarantees authorized pursuant to the <i>Agricultural Credit Act</i> , sec. 3	2,956,801		2,956,801	3,494,510
(11) Guarantees authorized pursuant to the <i>British Columbia Cellulose Company Act</i> , sec. 8 ..	4,847,911		4,847,911	9,053,926
(12) Guarantees authorized pursuant to the <i>British Columbia Place Act</i> , 1980, sec. 6 ¹	31,516,233	687,357	30,828,876	31,516,233
(13) Guarantees authorized pursuant to the <i>British Columbia Railway Finance Act</i> , sec. 10 ¹ —				
Bonds and debentures—funded	767,564,796	767,564,796		619,442,096
Notes—unfunded				370,205,813
Capital leases	26,322,983		26,322,983	26,759,497
1st preferred shares — BC Rail Ltd.	200,000,000		200,000,000	

(14) Guarantees authorized pursuant to the <i>British Columbia Transit Act</i> , sec. 22 ¹ —				
Bonds and debentures	78,827,073	1,802,986	77,024,087	78,423,127
Notes	100,702,055		100,702,055	101,228,767
Capital leases	94,368,552		94,368,552	60,533,101
(15) Guarantees authorized pursuant to the <i>Development Corporation Act</i> , sec. 15 ¹ , Bonds	263,463,385			
Less: held by the British Columbia Housing and Employment Development Financing Authority	(180,838,626)			
Notes	82,624,759		82,624,759	81,439,781
Notes	86,430,632		86,430,632	62,229,003
(16) Guarantees authorized pursuant to the <i>Farm Product Industry Act</i> , sec. 2	1,046,557		1,046,557	3,807,820
(17) Guarantees authorized pursuant to the <i>Ferry Corporation Act</i> , sec. 18 ¹ —				
Notes—unfunded series	28,688,685		28,688,685	28,688,685
Notes—funded	14,870,340	344,900	14,525,440	14,870,340
(18) Indemnities authorized pursuant to the <i>Financial Administration Act</i> , sec. 56				
W.L.C. Development Ltd.	15,741,561		15,741,561	9,225,872
The Terry Fox Medical Research Foundation, <i>et al.</i>	8,000,000		8,000,000	
(19) Guarantees authorized pursuant to the <i>Harbour Board Act</i> , secs. 18 and 30.1 ¹				6,607,660
(20) Guarantees authorized pursuant to the <i>Housing and Employment Development Financing Act</i> , secs. 5 and 6 ¹ —				
Bonds and debentures	179,684,411		179,684,411	189,348,698
(21) Guarantees authorized pursuant to the <i>Ministry of Transportation and Highways Act</i> , sec. 66, <i>re: British Columbia Steamship Company (1975) Ltd.</i> ¹	4,937,621		4,937,621	4,782,119
(22) Guarantees authorized pursuant to the <i>Petroleum Corporation Act</i> , secs. 10 and 12 ¹	30,009,349		30,009,349	30,009,349
Subtotal, economic development	1,759,140,319	770,400,039	988,740,280	1,731,666,397
Utilities —				
(23) Guarantees authorized pursuant to the <i>Hydro and Power Authority Act</i> , sec. 44 ¹ —				
Bonds and debentures—funded	9,464,998,488	900,156,038	8,564,842,450	8,335,783,505
Subtotal, utilities	9,464,998,488	900,156,038	8,564,842,450	8,335,783,505
Grand total, all guaranteed debt	14,865,387,054	2,623,223,309	12,242,163,745	12,829,534,613
Less: Amounts included above held as investments by General and Special Funds	75,938,384	41,132,815	34,805,569	74,415,776
Net total, all guaranteed debt	14,789,448,670	2,582,090,494	12,207,358,176	12,755,118,837

¹ See Section G of the Public Accounts for details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies.

² Gross outstanding debt as at March 31, 1985 includes accrued interest of \$489.4 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1985.

Sinking funds consist of cash, investments and accrued interest. For the purposes of this schedule, investments are reported at amortized cost, with the following exceptions: For item (3), the actual sinking fund balance exceeds the gross outstanding debt and is therefore shown at an amount equal to the debt. Investments held by certified sinking funds included in items (8) and (9) are reported at par value, as are investments held by the British Columbia Railway Company sinking funds (item 13). Investments reported at par value in the schedule total \$969 million (1984: \$76.8 million). These investments have a par value, interest rate and maturity date identical to the debt they are funding, and so constitute a complete offset against the debt. By reporting these investments at par, the related net outstanding debt is reported at nil.

The market value of sinking fund investments at March 31, 1985 was \$2.4 billion (1984: \$1.5 billion), however, these are not considered to be temporary investments. These investments are generally held until maturity, at which time the par value is realized. Certified investments must be held in trust until maturity.

The Government is directly responsible for paying 58.1 to 100 per cent of debt service costs for health and education debt through various grant formulas. In 1984/85 these contributions totalled approximately \$301 million or 80 per cent of the debt service costs. The Government also pays a portion of the debt service costs of some economic development enterprises. No such contribution is made for utilities.

As a result of Government financing policies \$3.4 billion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Government (\$4 billion) are redeemable by the Federal Minister of Finance, subject to the six months notice and certain other restrictions.

Between the year end and August 15, 1985 there have been redemptions net of additional debt issues guaranteed by the Province of \$28 million (Canadian) and \$108 million (U.S. Funds).

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**
Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT, 1981*
For the Fiscal Year Ended March 31, 1985

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PUBLIC DEBT

Public debt represents direct debt obligations for the purpose of the Province of British Columbia and fiscal agency borrowings. Fiscal agency borrowings represent borrowings made by the Minister of Finance, in his capacity as fiscal agent, on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chapter 15).

I For the purpose of the Province of British Columbia

	April 1/84	Issues	Retirements	March 31/85	Net increase or (decrease)	
					1985	1984
	\$	\$	\$	\$	\$	\$
Short Term Promissory Notes	95,737,500	705,171,654	772,887,045	28,022,109	(67,715,391)	95,737,500
Treasury Bills	780,000,000	3,120,000,000	3,120,000,000	780,000,000		80,000,000
Province of British Columbia Notes and Bonds	732,047,790	1,178,137,892	31,100,000	1,879,085,682	1,147,037,892	548,900,000
Total	<u>1,607,785,290</u>	<u>5,003,309,546</u>	<u>3,923,987,045</u>	<u>2,687,107,791</u>	<u>1,079,322,501</u>	<u>724,637,500</u>

Short Term Promissory Notes

Short term promissory notes are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Short term promissory notes are issued under the authority of the *Financial Administration Act* and an Order in Council of the Lieutenant Governor in Council.

Short term promissory notes (the "Notes") have the following characteristics:

- the principal amount of Notes outstanding at any time, for the purpose of the Province of British Columbia may not exceed \$290,000,000 in Canadian funds,
- the Notes may be issued in bearer or registered form and may either be interest bearing with principal and interest payable at maturity, or be issued at a discount to mature at the principal amount,
- the Notes mature in 365 days or less.

As at March 31, 1985, \$28,022,109 in Notes were outstanding. These Notes mature on April 1, 1985 at an annual average interest rate of 9.64%. During the year, \$705,171,654 in Notes were issued at interest rates which varied between 9.375%–11.97%.

Included in the \$28,022,109 Notes outstanding at March 31, 1985 was a \$15,000,000 U.S. note hedged to mature in Canadian Funds at \$20,551,050.

Treasury Bills

Treasury bills are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Treasury bills do not pay interest but are sold at a discount and mature at par. The difference between issue price and par at maturity represents the lenders' income in lieu of interest.

Treasury bills have the following characteristics:

- issued at a discount in lieu of interest payments
- maturity: 91 days
- issued in Canadian currency
- transferrable
- bought and sold on the open market.

As at March 31, 1985, \$780,000,000 in Treasury bills were outstanding. They mature at various dates to June 26, 1985, at an annual average interest rate of 10.32%. During the year, \$3,120,000,000 in Treasury bills were issued at interest rates which varied between 9.42%–13.13%.

PROVINCE OF BRITISH COLUMBIA

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**

**Pursuant to Section 54 (2) of the FINANCIAL ADMINISTRATION ACT, 1981
For the Fiscal Year Ended March 31, 1985—Continued**

Province of British Columbia Notes and Bonds

Maturity	Issue Date	Coupon Rate %	Nature	Series	Amount Outstanding Apr. 1/84 \$	Issues ¹ \$	Retirements \$	Amount Outstanding Mar. 31/85 \$	Interest and Redemption Provisions
Dec. 16, 1985	Dec. 16, 1983	10.25	Notes	PRD	200,000,000			200,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Dec. 1, 1986	June 15, 1984	16.875	Note	P-BCR-AR-U(C)1		9,842,400		9,842,400	<i>Interest payable semi-annually, not redeemable prior to maturity. U.S. par value \$7,200,000.</i>
Mar. 1, 1988	June 15, 1984	4.875	Note	P-BCR-G(C)1		1,021,149		1,021,149	<i>Interest payable semi-annually, serial redemption annually to March 1, 1988. U.S. par value \$747,000.</i>
Mar. 31, 1988	Mar. 31, 1983	11.375	Bonds	PRA	26,100,000			26,100,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
May 1, 1988	May 1, 1978	9.125	Bonds	BD	130,947,790		26,100,000	104,847,790	<i>Interest payable semi-annually, redeemable in whole or in part at any time.</i>
Aug. 23, 1988	Aug. 23, 1983	11.50	Notes	PRB	100,000,000			100,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Apr. 26, 1989	Apr. 26, 1984	12.40	Notes	BCSF-1 ²		203,476,743		203,476,743	<i>Interest payable annually, redeemable in whole at the option of the Province if taxation laws requiring payments are imposed or levied.</i>
June 2, 1989	Mar. 29, 1985	7.26	Note	P-Y5		4,264,000		4,264,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 2, 1989	Mar. 29, 1985	7.26	Note	P-H4		5,000,000		5,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**

**Pursuant to Section 54 (2) of the FINANCIAL ADMINISTRATION ACT, 1981
For the Fiscal Year Ended March 31, 1985—Continued**

Province of British Columbia Notes and Bonds—Continued

Maturity	Issue Date	Coupon Rate	Nature	Series	Amount Outstanding Apr. 1/84	Issues ¹	Retirements	Amount Outstanding Mar. 31/85	Interest and Redemption Provisions
		%			\$	\$	\$	\$	
Oct. 1, 1989	Mar. 29, 1985	7.60	Note	P-Y6		4,916,000		4,916,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Oct. 1, 1989	Mar. 29, 1985	7.60	Note	P-H6		4,920,000		4,920,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Nov. 3, 1989	Mar. 29, 1985	7.94	Note	P-Y7		5,367,000		5,367,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Nov. 3, 1989	Mar. 29, 1985	7.94	Note	P-H6A		3,000,000		3,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Dec. 8, 1989	Mar. 29, 1985	7.83	Note	P-YA		6,468,000		6,468,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Jan. 5, 1990	Mar. 29, 1985	8.17	Note	P-YB		6,391,000		6,391,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Feb. 2, 1990	Mar. 29, 1985	8.33	Note	P-YC		3,094,000		3,094,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Mar. 3, 1990	Mar. 29, 1985	8.29	Note	P-YD		10,319,000		10,319,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Aug. 1, 1990	Mar. 29, 1985	8.08	Note	P-BB		6,000,000		6,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>

Mar. 1, 1991	Mar. 29, 1985	6.79	Note	P-BE	3,000,000	3,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
June 1, 1991	June 15, 1984	5.75	Note	P-BCR J(C)-1	14,000,000	14,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 15, 1991	Mar. 29, 1985	7.08	Note	P-BG	7,000,000	7,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
July 6, 1991	July 6, 1984	13.50	Notes	BCEC-2	68,000,000	68,000,000	<i>Interest payable annually, redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
Aug. 1, 1991	June 15, 1984	7.66	Note	P-BCR U(C)1	10,000,000	10,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Sept. 1, 1991	June 15, 1984	5.75	Note	P-BCR K(C)-1	7,500,000	7,500,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Sept. 15, 1991	Mar. 29, 1985	7.54	Note	P-BH	10,000,000	10,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Nov. 1, 1991	Mar. 29, 1985	7.14	Note	P-BJ	899,000	899,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Nov. 29, 1991	Nov. 29, 1984	12.25	Notes	BCEC-3	100,000,000	100,000,000	<i>Interest payable annually, redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
Apr. 15, 1992	June 15, 1984	6.00	Note	P-BCR M(C)-1	10,000,000	10,000,000	<i>Interest payable semi-annually, callable April 15, 1987, redeemable in whole or in part at the option of the lender.</i>
Feb. 9, 1993	June 15, 1984	7.25	Note	P-BCR R1(C)1	5,658,000	5,658,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 7, 1993	June 15, 1984	7.48	Note	P-BCR RAI(C)1	4,000,000	4,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**

**Pursuant to Section 54 (2) of the FINANCIAL ADMINISTRATION ACT, 1981
For the Fiscal Year Ended March 31, 1985—Continued**

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Province of British Columbia Notes and Bonds—Continued

Maturity	Issue Date	Coupon Rate	Nature	Series	Amount Outstanding Apr. 1/84	Issues ¹	Retirements	Amount Outstanding Mar. 31/85	Interest and Redemption Provisions
		%			\$	\$	\$	\$	
June 8, 1993	June 15, 1984	7.48	Note	P-BCR RA2(C)1		11,000,000		11,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Oct. 10, 1993	June 15, 1984	7.61	Note	P-BCR R3(C)1		8,189,000		8,189,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Oct. 20, 1993	Oct. 20, 1983	12.00	Bonds	PRC	150,000,000			150,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Dec. 9, 1993	Dec. 9, 1983	12.00	Bonds	BCEC-1	125,000,000			125,000,000	<i>Interest payable annually, redeemable in whole at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
Apr. 1, 1994	June 15, 1984	4.50	Note	P-BCR H(C)1		13,670,000		13,670,000	<i>Interest payable semi-annually, not redeemable prior to maturity. U.S. par value \$10,000,000.</i>
Sept. 9, 1994	June 15, 1984	8.92	Note	P-BCR R4(C)1		10,000,000		10,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Sept. 10, 1994	June 15, 1984	8.92	Note	P-BCR R5(C)1		2,681,000		2,681,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Aug. 7, 1995	June 15, 1984	8.93	Note	P-BCR R6(C)1		10,000,000		10,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Aug. 8, 1995	June 15, 1984	8.93	Note	P-BCR R7(C)1		7,264,000		7,264,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>

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Sept. 9, 1995	June 15, 1984	9.16	Note	P-BCR R8(C)1	5,000,000	5,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Oct. 10, 1995	June 15, 1984	9.34	Note	P-BCR R9(C)1	13,197,000	13,197,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Dec. 30, 1995	June 15, 1984	7.54	Note	P-BCR P(C)1	15,000,000	15,000,000	<i>Interest payable semi-annually, callable December 30, 1988.</i>
July 2, 1996	June 15, 1984	7.26	Note	P-BCR T(C)-1	20,000,000	20,000,000	<i>Interest payable semi-annually, callable July 2, 1991.</i>
July 9, 1996	June 15, 1984	8.97	Note	P-BCR R10(C)1	5,000,000	5,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Aug. 10, 1996	June 15, 1984	8.98	Note	P-BCR R11(C)1	10,000,000	10,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Sept. 10, 1996	June 15, 1984	9.07	Note	P-BCR R12(C)1	19,962,000	19,962,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Dec. 1, 1996	June 15, 1984	16.875	Note	P-BCR AS-U(C)1	10,662,600	10,662,600	<i>Interest payable semi-annually, serial redemption December 1, 1986 to 1995. U.S. par value \$7,800,000.</i>
Mar. 30, 1997	June 15, 1984	7.08	Note	P-BCR V(C)-1	24,000,000	24,000,000	<i>Interest payable semi-annually, callable March 30, 1990.</i>
May 4, 1997	June 15, 1984	9.22	Note	P-BCR R13(C)-1	17,000,000	17,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 10, 1997	June 15, 1984	9.18	Note	P-BCR R14(C)1	15,000,000	15,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 15, 1997	June 15, 1984	7.38	Note	P-BCR X(C)-1	10,000,000	10,000,000	<i>Interest payable semi-annually, callable June 15, 1990.</i>
July 15, 1997	June 15, 1984	7.45	Note	P-BCR Z(C)-1	15,000,000	15,000,000	<i>Interest payable semi-annually, callable July 15, 1990.</i>
June 1, 1998	June 15, 1984	7.98	Note	P-BCR AB(C)-1	7,000,000	7,000,000	<i>Interest payable semi-annually, callable June 1, 1990.</i>

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**

**Pursuant to Section 54 (2) of the FINANCIAL ADMINISTRATION ACT, 1981
For the Fiscal Year Ended March 31, 1985—Continued**

Province of British Columbia Notes and Bonds—Continued

Maturity	Issue Date	Coupon Rate %	Nature	Series	Amount Outstanding Apr. 1/84 \$	Issues ¹ \$	Retirements \$	Amount Outstanding Mar. 31/85 \$	Interest and Redemption Provisions
Sept. 1, 1998	June 15, 1984	8.00	Note	P-BCR AC(C)-1		10,000,000		10,000,000	<i>Interest payable semi-annually, callable September 1, 1991.</i>
Nov. 1, 1998	June 15, 1984	8.125	Note	P-BCR AD(C)-1		20,000,000		20,000,000	<i>Interest payable semi-annually, callable November 1, 1991.</i>
June 1, 1999	June 15, 1984	9.45	Note	P-BCR AE(C)-1		10,000,000		10,000,000	<i>Interest payable semi-annually, callable June 1, 1992.</i>
June 8, 1999	June 15, 1984	10.02	Note	P-BCR R15(C)-1		28,876,000		28,876,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Aug. 15, 1999	June 15, 1984	10.36	Note	P-BCR AF(C)-1		20,000,000		20,000,000	<i>Interest payable semi-annually, callable August 15, 1992.</i>
Aug. 15, 1999	June 15, 1984	10.36	Note	P-BCR AG(C)-1		5,000,000	5,000,000		<i>Retracted on August 15, 1984.</i>
Sept. 10, 1999	June 15, 1984	10.22	Note	P-BCR R16(C)-1		12,500,000		12,500,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Oct. 15, 1999	June 15, 1984	10.40	Note	P-BCR AH(C)-1		8,000,000		8,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
June 19, 2000	June 15, 1984	9.75	Note	P-BCR AK(C)-1		50,000,000		50,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the lender.</i>
Nov. 3, 2000	June 15, 1984	10.50	Note	P-BCR AL(C)-1		50,000,000		50,000,000	<i>Interest payable semi-annually, callable November 3, 1993.</i>
Jan. 15, 2001	June 15, 1984	10.40	Note	P-BCR AM(C)-1		50,000,000		50,000,000	<i>Interest payable semi-annually, callable January 15, 1994.</i>

Sept. 20, 2001	June 15, 1984	9.75	Note	P-BCR AN(C)-1	75,000,000	75,000,000	<i>Interest payable semi-annually, callable September 20, 1994.</i>	
Jan. 15, 2002	June 15, 1984	9.05	Note	P-BCR AP(C)-1	30,000,000	30,000,000	<i>Interest payable semi-annually, callable June 15, 1995.</i>	
Feb. 28, 2005	June 15, 1984	12.75	Note	P-BCR AQ(C)-1	45,000,000	45,000,000	<i>Interest payable semi-annually, callable February 28, 1998 or any interest date thereafter.</i>	
					<u>732,047,790</u>	<u>1,178,137,892</u>	<u>31,100,000</u>	1,879,085,682
<i>Less: Sinking fund balances</i>								8,598,218
<i>Less: Unamortized discount</i>								1,870,487,464
TOTAL								<u>1,677,704,440</u>

¹ Issued under and pursuant to the *Financial Administration Act*, chapter 15, Statutes of British Columbia, 1981, as amended and an Order of the Lieutenant Governor in Council of the Province of British Columbia.

² BCSF-1 notes bear annual interest at 5% on a principal amount of 325 million Swiss Francs. The Province has hedged principal and interest payments on these notes through a currency exchange agreement pursuant to which the Province has agreed to exchange U.S. dollars for Swiss Francs. The U.S. maturity value of this issue is \$148,849,117.

The aggregate amounts of payments estimated to be required in each of the next five fiscal years to meet sinking fund and retirement provisions are: (a) in Canadian funds, 1986—\$252,952,328; 1987—\$53,540,125; 1988—\$79,640,125; 1989—\$153,987,915; 1990—\$282,470,668. (b) in U.S. funds, 1986—\$654,716; 1987—\$8,157,716; 1988—\$966,716; 1989—\$766,716; 1990—\$766,716.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT
Pursuant to Section 54 (2) of the FINANCIAL ADMINISTRATION ACT, 1981
For the Fiscal Year Ended March 31, 1985—Continued

II For the purpose of the Fiscal Agency Loans

	April 1/84	Issues	Retirements	March 31/85	Net increase or (decrease)	
					1985	1984
	\$	\$	\$	\$	\$	\$
Short Term Promissory Notes	141,900,201	2,460,751,914	2,009,556,787	593,095,328	451,195,127	141,900,201
Province of British Columbia Notes, Bonds and Debentures	109,000,000	639,037,520		748,037,520	639,037,520	109,000,000
Total	<u>250,900,201</u>	<u>3,099,789,434</u>	<u>2,009,556,787</u>	<u>1,341,132,848</u>	<u>1,090,232,647</u>	<u>250,900,201</u>

Short Term Promissory Notes

Short term promissory notes are short term financial obligations issued by the Province of British Columbia to pay a sum of money on a given date. Short term promissory notes are issued under the authority of the *Financial Administration Act* and an Order in Council of the Lieutenant Governor in Council.

Short term promissory notes (the "Notes") have the following characteristics:

- the principal amount of Notes outstanding at any time, for the purpose of fiscal agency arrangements may not exceed \$1,287,500,000 in Canadian funds,
- the Notes may be issued in bearer or registered form and may either be interest bearing with principal and interest payable at maturity, or be issued at a discount to mature at the principal amount,
- the Notes mature in 365 days or less.

As at March 31, 1985, \$593,095,328 in Notes were outstanding. These Notes mature at various dates to March 24, 1986 at an annual average interest rate of 10.79% for an average term of 66 days. During the year, \$2,460,751,914 in Notes were issued at interest rates which varied between 9.45%–12.53%.

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**
Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT, 1981*
For the Fiscal Year Ended March 31, 1985—Continued

Province of British Columbia Notes, Bonds and Debentures

Maturity	Issue Date	Coupon Rate	Nature	Series	Amount Outstanding Apr. 1/84	Issues ¹	Retirements	Amount Outstanding Mar. 31/85	Interest and Redemption Provisions
		%			\$	\$	\$	\$	
June 20, 1989	June 20, 1984	11.12 ²	Notes	FRN-1		20,000,000		20,000,000	<i>Interest payable quarterly, not redeemable prior to maturity.</i>
Oct. 1, 1989	Oct. 1, 1984	12.75	Notes	PRE		100,000,000		100,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
Feb. 6, 1990	Feb. 6, 1985	10.75	Notes	PRF		200,000,000		200,000,000	<i>Interest payable semi-annually, not redeemable prior to maturity.</i>
July 6, 1991	July 6, 1984	13.50	Notes	BCEC-2		32,000,000		32,000,000	<i>Interest payable annually, redeemable at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
Jan. 31, 1996	Jan. 31, 1984	12.25	Note	BCJC-3	24,000,000			24,000,000	<i>Interest payable annually, annual instalments of \$2,400,000 payable January 31, 1991-1995, balance due January 31, 1996.</i>
Dec. 1, 1998	Dec. 1, 1983	11.125	Bonds	BCJC-1	50,000,000			50,000,000	<i>Interest payable annually, redeemable at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
Nov. 10, 2003	Nov. 10, 1983	11.65	Deben- ture	BCCP-1	10,000,000			10,000,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PUBLIC DEBT**

**Pursuant to Section 54 (2) of the *FINANCIAL ADMINISTRATION ACT, 1981*
For the Fiscal Year Ended March 31, 1985—Continued**

Province of British Columbia Notes, Bonds and Debentures—Continued

Maturity	Issue Date	Coupon Rate %	Nature	Series	Amount Outstanding Apr. 1/84 \$	Issues ¹ \$	Retirements \$	Amount Outstanding Mar. 31/85 \$	Interest and Redemption Provisions
Apr. 2, 2004	Apr. 2, 1984	12.60	Deben- ture	BCCP-2		32,073,000		32,073,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
May 10, 2004	May 10, 1984	13.48	Deben- ture	BCCP-3		59,292,000		59,292,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
June 8, 2004	June 8, 1984	13.70	Deben- ture	BCCP-4		52,871,000		52,871,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of Minister of Finance of Canada subject to certain restrictions.</i>
July 10, 2004	July 10, 1984	13.80	Deben- ture	BCCP-5		29,402,000		29,402,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
July 30, 1994	July 30, 1984	13.65	Note	BCJY-1 ³		54,794,520		54,794,520	<i>Interest payable semi-annually, semi-annual principal repayments equal to 9% of the aggregate principal amount of the loan outstanding commencing July 31, 1989, balance due July 30, 1994, redeemable in whole or in part at the option of the Province subject to certain restrictions.</i>

Aug. 7, 2004	Aug. 7, 1984	14.06	Deben- ture	BCCP-6	24,732,000	24,732,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
Sept. 10, 2004	Sept. 10, 1984	13.20	Deben- ture	BCCP-7	16,950,000	16,950,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
Nov. 7, 2004	Nov. 7, 1984	12.96	Deben- ture	BCCP-8	16,923,000	16,923,000	<i>Interest payable semi-annually, redeemable in whole or in part at the option of the Minister of Finance of Canada subject to certain restrictions.</i>
Jan. 15, 2009	Jan. 15, 1984	8.75	Bonds	BCJC-2	25,000,000	25,000,000	<i>Interest payable annually, redeemable at the option of the Province if taxation laws requiring additional payments are imposed or levied.</i>
					<u>109,000,000</u>	<u>639,037,520</u>	748,037,520
<i>Less: Sinking fund balances</i>							<u>2,481,969</u>
<i>Less: Unamortized discount</i>							<u>745,555,551</u> <u>13,419,832</u>
TOTAL							<u><u>732,135,719</u></u>

¹ Issued under and pursuant to the *Financial Administration Act*, chapter 15, Statutes of British Columbia, 1981, as amended and an Order of the Lieutenant Governor in Council of the Province of British Columbia.

² Subject to rate adjustment every 91 days.

³ BCJY-1 note bears annual interest at 8.1% on a principal amount of 10 billion Japanese yen. The Province has hedged principal and interest payments on these notes through a currency exchange agreement pursuant to which the Province has agreed to exchange Canadian dollars for Japanese yen.

The aggregate amounts of payments estimated to be required in each of the next five years to meet sinking fund and retirement provisions are: 1986—\$8,100,000; 1987—\$8,100,000; 1988—\$8,100,000; 1989—\$8,100,000; and 1990—\$332,031,505. These amounts will be funded in full by the government bodies on whose behalf the borrowings were made.

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF MONEY REFUNDED UNDER PROVISIONS OF SECTION 13
OF THE FINANCIAL ADMINISTRATION ACT, 1981
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

Description of Item	\$
Attorney General:	
Land Title Registration Fees.....	175,260
Consumer and Corporate Affairs:	
Liquor Licensing Receipts.....	14,635
Travel Agents' Registrations.....	100
Real Estate Act.....	15,263
Insurance Act.....	11,640
Mortgage Brokers Act.....	1,160
Securities Act.....	11,157
Motor Dealer Act.....	22,290
Rentalsman Filing Fees.....	690
Credit and Debtor Assistance Fees.....	75
Miscellaneous Fees and Licences.....	358,625
	<u>435,635</u>
Education:	
Publication Services.....	2,661
Correspondence Education.....	23,119
	<u>25,780</u>
Environment:	
Map Sales.....	6,425
Water Rentals and Recording Fees.....	15,117
Miscellaneous Fees and Licences.....	17,317
	<u>38,859</u>
Finance:	
Tobacco Tax.....	22,818
Real Property Tax.....	3,299,765
Fire Services.....	43,973
	<u>3,366,556</u>
Forests:	
Harvesting—Stumpage.....	19,406
Harvesting Rental and Fees.....	172
Overpayments.....	100,932
Miscellaneous Revenue.....	2,994
	<u>123,504</u>
Health:	
Emergency Health Services Commission Ambulance Fees.....	15,844
Speech and Hearing.....	15,408
Third Party Liability.....	176,604
Patients' Fees.....	692,156
Miscellaneous Revenue.....	210
	<u>900,222</u>
Transportation and Highways:	
Motor Vehicle Department.....	5,983,196
Miscellaneous.....	10,081
	<u>5,993,277</u>
Total: 1984/85.....	<u>11,059,093</u>
Total: 1983/84.....	<u>5,582,883</u>

Note: Section 13 of the *Financial Administration Act*, 1981 authorizes money to be refunded under the following conditions:

- (a) "Money received by the government that is erroneously paid or collected, or
- (b) for any purpose that is not fulfilled."

These payments are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF ASSETS AND UNCOLLECTIBLE DEBTS WRITTEN OFF UNDER
PROVISION OF SECTION 14 OF THE FINANCIAL ADMINISTRATION ACT, 1981 FOR THE
FISCAL YEAR ENDED MARCH 31, 1985

Description of Item	\$
Agriculture and Food:	
Partial Interest Reimbursement Program.....	4,045
Distress Area Assistance Program.....	4,057
Miscellaneous Service Fees.....	473
	<u>8,575</u>
Attorney General:	
Provincial Court Fines and Fees.....	489,585
Education:	
Student Aid Grants.....	283,443
Miscellaneous.....	927
	<u>284,370</u>
Energy, Mines and Petroleum Resources:	
Miscellaneous.....	2,083
Environment:	
Map Sales.....	86
Finance:	
Social Service Tax.....	6,121,995
Real Property Tax.....	80,532
Corporation Capital Tax.....	322,633
Hotel Room Tax.....	162,437
Logging Tax.....	48,744
Mining Tax.....	54,803
Miscellaneous.....	15,465
	<u>6,806,609</u>
Forests:	
Stumpage Revenue.....	794,791
Health:	
Emergency Health Services Commission Ambulance Fees.....	749,810
Patients' Fees.....	388,726
Dental Plan.....	22,742
Miscellaneous.....	7,952
	<u>1,169,230</u>
Human Resources:	
Miscellaneous.....	282,303
Provincial Secretary:	
Queen's Printer.....	276
Miscellaneous.....	1,163
	<u>1,439</u>
Tourism:	
Miscellaneous.....	540
Transportation and Highways:	
Permits—oversize carriers.....	11,181
Motor Vehicle Act.....	17,880
Miscellaneous.....	15,266
	<u>44,327</u>
Total: 1984/85.....	<u>9,883,938</u>
Total: 1983/84.....	<u>8,202,295</u>

Note: Section 14 of the *Financial Administration Act*, 1981 authorizes an asset, a debt or an obligation to be written off if it is unrealizable or uncollectible. These write-offs are reflected in the main statements of the Province.

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF DEBTS EXTINGUISHED PURSUANT TO SECTION 15 OF THE
FINANCIAL ADMINISTRATION ACT, 1981 FOR THE
FISCAL YEAR ENDED MARCH 31, 1985**

Description of Item	\$
Environment:	
Conservation Fund Loan Principal—O.I.C. 1698/79	3,267
Total: 1984/85	<u>3,267</u>
Total: 1983/84	<u>3,802</u>

Note: Section 15 of the *Financial Administration Act*, 1981 authorizes the Lieutenant Governor in Council to forgive, in whole or in part, a debt or obligation that is due and owing to the Government. These extinguishments are reflected in the main statements of the Province.

**SCHEDULE OF REMISSIONS UNDER PROVISIONS OF SECTION 16 (1) OF THE
FINANCIAL ADMINISTRATION ACT, 1981 FOR THE
FISCAL YEAR ENDED MARCH 31, 1985**

Description of Item	\$
Finance:	
Social Service Tax	19,126
Real Property Tax	27,552
Succession Duty	3,912
	<u>50,590</u>
Forests:	
Stumpage—Interest	9,076
Total: 1984/85	<u>59,666</u>
Total: 1983/84	<u>287,969</u>

Note: Section 16 (1) of the *Financial Administration Act*, 1981 authorizes the Lieutenant Governor in Council to remit:

- (a) "any tax, royalty, fee or other sum that is paid or payable to the government and that is imposed or authorized to be imposed by an enactment, or
- (b) any forfeiture, fine or pecuniary penalty imposed or authorized to be imposed by an enactment, notwithstanding that the whole or part of it is payable to another person"

where he "considers it in the public interest to do so . . . where great public inconvenience, great injustice or great hardship to a person has occurred or is likely to occur." These remissions are reflected in the main statements of the Province.

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF PAYMENTS BASED ON CONTRIBUTIONS PURSUANT TO SECTION 22 (2)
OF THE FINANCIAL ADMINISTRATION ACT, 1981 FOR THE
FISCAL YEAR ENDED MARCH 31, 1985**

Ministry	Agreement Description	\$
Attorney General:		
	Co-ordinated Law Enforcement Unit	57,118
Education:		
	Canadian Official Languages Programs	13,453,668
	Status Indian Children Education	30,944,466
	Department of National Defence Children Education	3,048,238
		<u>47,446,372</u>
Energy, Mines and Petroleum Resources:		
	British Columbia Utilities Commission	244,927
Environment:		
	Joint Emergency Planning Project	66,102
	Pesticide Control Program	21,008
	Ambient Air Monitoring	78,363
	Canadian Wildlife Federation Funding Project	3,000
	Federal-Provincial Mapping Projects	67,315
	Municipal Base Mapping	37,501
	Environmental Lab—Analytical Tests	59,675
		<u>332,964</u>
Forests:		
	British Columbia Railway—Tacheeda Lake	6,125
	Lightning Locator System	756
	Biomass Project	52,713
	Yukon Territory Fire Suppression	436,244
	Intensive Forest Management Subsidiary Agreement	5,500,000
	Lorax School	17,500
		<u>6,013,338</u>
Health:		
	Out-of-Province Hospital Insurance Reciprocal Agreements	12,570,446
	Parasitology Consulting	1,497
	Richmond Health Services	352,550
		<u>12,924,493</u>
Lands, Parks and Housing:		
	Alexander Mackenzie Grease Trail	103,161
Provincial Secretary and Government Services:		
	Historic Site Survey	44,498
	Artifact Purchases	24,044
	English as a Second Language — Westcoast Reader	62,750
	Computer Exhibits and Training	152,957
	British Columbia Heritage Trust Administration	17,250
	Public Library Books—Field	266,714
	National Associate Museums Program	10,150
		<u>578,363</u>
	Total: 1984/85	<u>67,700,736</u>
	Total: 1983/84	<u>72,561,651</u>

Note: Section 22 (1) of the *Financial Administration Act*, 1981 authorizes payments "where under an Act, agreement or undertaking:

- (a) money is payable to the government, or
 - (b) money has been received by the government,
- for the purpose of or as a contribution towards expenditures . . . received by the government."

Included in the amount reported as payments made by the Ministry of Education is \$10,088,760 which relates to expenses properly attributable to the 1983/84 fiscal year.

These payments are reflected in the main statements of the Province.

COMBINED FINANCIAL STATEMENTS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES PURSUANT TO SECTION 54 (3)
OF THE FINANCIAL ADMINISTRATION ACT, 1981 FOR THE
FISCAL YEAR ENDED MARCH 31, 1985

Description of Item	Total Lease Payments
Lease of 70-automobile ferry, <i>M.V. Quinsam</i> at \$81,130 per month	\$
First option—April 1, 1985 to September 30, 1987.....	2,433,900
Second option—October 1, 1987 to March 26, 1997.....	9,248,820
Purchase option—March 26, 1997.....	310,000
	<u>11,992,720</u>
Lease of Multi-Plan telephone equipment	
Various leases to January, 1990.....	3,568,076
Total: 1984/85.....	<u>15,560,796</u>
Total: 1983/84.....	<u>14,446,779</u>

Note: Section 54 (3) of the *Financial Administration Act*, 1981 requires disclosure of the financial obligations of the Government under a lease where substantially all of the risks and benefits of ownership of the property have been transferred to the Government. These contracts are reflected in the Public Accounts in accordance with the Province's accounting policies.

SCHEDULE OF PAYMENTS MADE TO HONOUR GUARANTEES PURSUANT TO
SECTION 58 (3) OF THE FINANCIAL ADMINISTRATION ACT, 1981
FOR THE FISCAL YEAR ENDED MARCH 31, 1985

Description of Item	\$
<i>Agricultural Credit Act:</i>	
Ledbury & Belsham.....	170,898
Duncalfe Farms Ltd.....	110,408
Newdan Hog Farms Ltd.....	107,127
Swan Lake Farms Ltd.....	92,910
Buskey, L & E.....	79,447
Schutte, G & J.....	67,589
Dorosz, B & R.....	37,106
French, Brian.....	27,500
Becher, R & Hooge, B.....	22,753
	<u>715,738</u>
Student Venture Capital Program:	
Various students.....	312,710
Total: 1984/85.....	<u>1,028,448</u>
Total: 1983/84.....	<u>2,516,302</u>

Note: Section 58 (3) of the *Financial Administration Act*, 1981 authorizes payments to honour guarantees and indemnities where the Government has entered into an agreement to give a guarantee in connection with the issue and sale of securities. These payments are reflected in the main statements of the Province.

**COMBINED FINANCIAL STATEMENTS
SCHEDULE OF INVESTMENT PORTFOLIO
PURSUANT TO SECTION 36 (8) OF THE
FINANCIAL ADMINISTRATION ACT, 1981
AS AT MARCH 31, 1985**

	1985			1984
	Temporary Investments \$	Long-Term Investments \$	Total \$	Total \$
Obligations of or guaranteed by Canada	20,637,414		20,637,414	67,925,493
Obligations of or guaranteed by a Province	10,247,293	74,392,145	84,639,438	116,787,467
Obligations of or guaranteed by a savings institution	338,605,310		338,605,310	313,138,805
Commercial paper issued by a corporation incorporated under the laws of Canada or of a Province	4,946,740		4,946,740	
Total	<u>374,436,757</u>	<u>74,392,145</u>	<u>448,828,902</u>	<u>497,851,765</u>
Held as follows:				
Temporary investments (Note 3)	374,436,757		374,436,757	423,467,384
Investments in and advances to Crown corporations (Note 9)				
British Columbia Hydro and Power Authority		8,077,086	8,077,086	8,073,595
British Columbia Railway Company		10,235,000	10,235,000	10,235,000
Other assets (Note 12)				
British Columbia Regional Hospital Districts Fi- nancing Authority bonds		12,000,000	12,000,000	12,000,000
British Columbia School Districts Capital Financ- ing Authority bonds		44,080,059	44,080,059	44,075,786
Total	<u>374,436,757</u>	<u>74,392,145</u>	<u>448,828,902</u>	<u>497,851,765</u>

SECTION C

CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE

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**CONSOLIDATED FINANCIAL STATEMENTS OF THE PROVINCE
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

PREAMBLE

Consolidated Financial Statements aggregate the Combined Financial Statements (Consolidated Revenue Fund), and certain Crown corporations: namely, those Crown corporations which exist to service the Government ("service" corporations) and those Crown corporations which conduct Government activities and complement Government programs ("provincial" corporations). These corporations are more fully described in Note 1 to these Consolidated Financial Statements. The financial statements of those Crown corporations which have been consolidated have been adjusted to the Government's accounting policies upon consolidation to provide consistent reporting.

Crown corporations which are similar to commercial enterprises and run on commercial lines (termed "transportation" companies and "commercial" enterprises) have not been consolidated; the Government's investment in those enterprises has simply been adjusted to reflect the underlying equity in them without adjusting the financial statements of such enterprises to conform with the Government's accounting policies.

These Consolidated Financial Statements are presented to disclose the economic impact of the Government and the state of its finances in a manner that will assist in the assessment of these matters.



Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR GENERAL'S REPORT

*To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia*

I have examined the consolidated balance sheet of the Government of the Province of British Columbia as at 31 March 1985, and the consolidated statements of taxpayers' equity, operating results and changes in cash and temporary investments for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these consolidated financial statements present fairly the financial position of the Government of the Province of British Columbia as at 31 March 1985 and the results of its operations and the changes in its financial position for the year then ended on a consolidated basis in accordance with the stated accounting policies as set out in Note 1 to these financial statements applied, after giving retroactive effect to the change in the method of recognizing employee leave entitlements and except for the consolidation of the Capital Financing Authorities as explained in Notes 2 (a) and (c) to these financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Erma Morrison".

ERMA MORRISON, F.C.A.
Auditor General

*Victoria, British Columbia
31 August 1985*

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1985

	1985	1984
	\$	\$
ASSETS		
Cash and temporary investments (note 3).....	280,780,950	272,994,980
Accounts receivable (note 2 (c) and 4).....	897,512,849	799,714,308
Due from Crown corporations and agencies (note 5).....	1,502,000	1,502,000
Mortgages receivable (note 6).....	277,107,937	273,055,381
Prepaid program costs (note 7).....	191,730,304	180,416,477
Inventories (note 8).....	48,201,447	42,772,910
Investments in Crown corporations—at equity (note 9).....	1,192,848,675	794,990,087
Fiscal Agency loans (note 2 (c) and 10).....	2,844,663,326	90,078,940
Property under development (note 11).....	67,148,147	62,581,543
Fixed assets (note 12).....	1	1
Other assets (note 13).....	272,208,305	351,862,063
	<u>6,073,703,941</u>	<u>2,869,968,690</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 2 (c) and 14).....	1,178,437,030	976,266,857
Due to Crown corporations and agencies (note 15).....	25,624,466	11,404,779
Deferred revenue (note 16).....	258,181,242	248,704,075
Public debt (note 2 (c) and 17).....	<u>6,393,323,273</u>	<u>2,595,298,612</u>
	7,855,566,011	3,831,674,323
TAXPAYERS' EQUITY		
Taxpayers' equity (deficiency).....	<u>(1,781,862,070)</u>	<u>(961,705,633)</u>
	<u>6,073,703,941</u>	<u>2,869,968,690</u>
CONTINGENCIES AND COMMITMENTS (note 18)		
Guaranteed Debt.....	<u>9,438,853,583</u>	<u>12,075,777,790</u>
TRUST FUNDS (section D)		
	<u>11,603,492,198</u>	<u>9,760,933,014</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance.



D. L. EMERSON
*Deputy Minister of Finance and
Secretary of Treasury Board*



D. B. MARSON
Comptroller General

**CONSOLIDATED STATEMENT OF TAXPAYERS' EQUITY
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	1985		1984	
	Government and Consolidated Enterprises \$	Transportation and Commercial Enterprises \$	Total \$	Total \$
Taxpayers' equity (deficiency)—beginning of year	(1,466,001,815)	612,176,395	(853,825,420)	116,611,197
Prior period adjustment relating to Consolidated Revenue Fund (note 2)	<u>(107,880,213)</u>		<u>(107,880,213)</u>	<u>(115,378,316)</u>
As restated	(1,573,882,028)	612,176,395	(961,705,633)	1,232,881
Prior period adjustments relating to consolidated entities	2,197,597		2,197,597	
Consolidated operating results for the year				
Net expenditure for the year	(1,206,996,799)		(1,206,996,799)	(1,037,625,553)
Increase in unremitted equity of transportation companies and commercial enterprises		384,642,765	384,642,765	74,687,039
Taxpayers' equity (deficiency)—end of year	<u>(2,778,681,230)</u>	<u>996,819,160</u>	<u>(1,781,862,070)</u>	<u>(961,705,633)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF OPERATING RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	1985			1984	
	Consolidated Revenue Fund (B 8) \$	Consolidated Crown Corporations (C 26) \$	Transfers Between Consolidated Revenue Fund and Crown Corporations \$	Total \$	Total \$
Revenue					
Taxation.....	4,360,553,321			4,360,553,321	4,063,450,775
Natural resources.....	720,913,516	543,651,962	(140,013,142)	1,124,552,336	1,080,635,360
Other.....	557,204,414	783,802,256	(257,142,242)	1,083,864,428	865,411,539
Contributions from Government enterprises.....	360,302,655	909,082,935	(904,697,718)	364,687,872	332,134,319
Contributions from Federal Government.....	1,790,967,833	75,000		1,791,042,833	1,772,760,663
Total revenue.....	<u>7,789,941,739</u>	<u>2,236,612,153</u>	<u>(1,301,853,102)</u>	<u>8,724,700,790</u>	<u>8,114,392,656¹</u>
Expenditure					
General government.....	169,716,478	221,103,802	(30,495,850)	360,324,430	392,335,597
Protection of persons and property.....	411,259,234	16,564,420	(85,015,245)	342,808,409	347,170,750
Transportation and communications.....	765,837,762		(35,788,699)	730,049,063	866,133,950
Health and social services.....	3,991,213,568	880,298,411	(714,037,316)	4,157,474,663	4,063,763,875
Recreation and cultural services.....	58,872,963	7,605,894	(4,556,193)	61,922,664	64,765,065
Education.....	1,728,662,286	4,936,484	(186,204,941)	1,547,393,829	1,752,088,937
Natural resources and primary industries.....	476,157,854	406,923,348	(41,183,015)	841,898,187	832,976,216
Trade and industrial development.....	52,351,550	254,919,746	(6,879,102)	300,392,194	113,956,280
Housing.....	55,196,473	20,774,897	(15,148,079)	60,823,291	86,548,009
Aid to local government.....	286,584,018	1,390,207	(601,931)	287,372,294	310,188,943
Interest on public debt.....	274,580,712	411,417,509	(2,500,000)	683,498,221	214,704,367
Other.....	513,381,829	223,801,246	(179,442,731)	557,740,344 ²	107,386,220
Total expenditure.....	<u>8,783,814,727</u>	<u>2,449,735,964</u>	<u>(1,301,853,102)</u>	<u>9,931,697,589</u>	<u>9,152,018,209¹</u>
Net Expenditure For The Year.....	<u>(993,872,988)</u>	<u>(213,123,811)</u>		<u>(1,206,996,799)</u>	<u>(1,037,625,553)</u>
Increase in Unremitted Equity of Transportation Companies and Commercial Enterprises (C 2B).....				<u>384,642,765²</u>	<u>74,687,039</u>
Consolidated Net Expenditure for the Year.....				<u>(822,354,034)</u>	<u>(962,938,514)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

¹ All 1984 operating expenditure, except for Interest on Public Debt, has been restated to reflect the inclusion of employee benefits, telecommunications and certain other expenses in the program costs. This change was implemented at the start of the 1984/85 fiscal year. British Columbia Buildings Corporation, British Columbia Petroleum Corporation, and British Columbia Systems Corporation have been fully integrated on a line-by-line basis in both revenue and expenditure for 1984.

² These amounts reflect the payment by the Province to the British Columbia Railway Company of \$407,642,191 (Canadian) and \$17,177,060 (U.S.) (\$22,326,743 (Canadian)) as described in note 9 (c).

**CONSOLIDATED STATEMENT OF CHANGES IN CASH
AND TEMPORARY INVESTMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	1985	1984
	\$	\$
Balance—Beginning of Year	272,994,980	314,370,450
Operating Transactions		
Revenue	8,724,700,790	8,114,392,656
Expenditure	9,931,697,589	9,152,018,209
Net expenditure	(1,206,996,799)	(1,037,625,553)
Increase (decrease) in unremitted equity of transportation companies and commercial enterprises	384,642,765	74,687,039
Consolidated Net Revenue (Expenditure) ..	(822,354,034)	(962,938,514)
Add (deduct):		
Non-cash items included in net revenue ¹	(259,304,473)	(41,491,250)
Cash items applicable to future operations		
—Change in prepaid program costs ..	(11,313,827)	(22,939,570)
—Change in deferred charges	(2,926,427)	49,316,810
—Change in deferred revenue	9,477,167	108,855,862
	(4,763,087)	135,233,102
Used for operations	(1,086,421,594)	(869,196,662)
Financing Transactions		
Receipts:		
Mortgage principal repayments	35,834,790	42,662,273
Repayment of investments in Crown corporations— at equity		849,652
Fiscal Agency loans	183,727,607	
Property sales	9,429,605	34,259,828
Repayments of other assets	150,475,746	194,981,006
Debt issues of consolidated entities	7,973,998,278	4,203,053,602
	8,353,466,026	4,475,806,361
Disbursements:		
Mortgages issued	39,887,346	57,349,596
Investments in Crown corporations— at equity	13,215,823	22,292,151
Fiscal Agency loans	983,001,140	90,078,940
Investments in other assets	123,975,620	207,122,167
Property purchases	13,996,209	32,339,147
Debt retirement	6,085,182,324	3,238,803,168
	7,259,258,462	3,647,985,169
Derived from financing transactions	1,094,207,564	827,821,192
Increase (decrease) in Cash and Temporary Investments	7,785,970	(41,375,470)
Balance—End of Year	280,780,950	272,994,980

¹ Non-Cash Items Included in Consolidated Net

Revenue (Expenditure)		
Change in accounts receivable	(97,798,541)	(152,057,164)
Change in inventories	(5,428,537)	2,602,821
Change in accounts payable and due to Crown corporations	216,389,860	206,885,517
Change in prior period equity	2,197,597	
Changes in Public Debt	13,091,338	
Changes in Fiscal Agency loans	(3,113,425)	
Change in investments in Crown corporations— at equity:		
—Shares		(24,235,385)
—Unremitted equity	(384,642,765)	(74,687,039)
	(259,304,473)	(41,491,250)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1985

1. Significant Accounting Policies

(a) REPORTING ENTITY

These financial statements include the accounts of the following entities which have been consolidated for reporting purposes:

- (i) the General Fund, which includes all transactions of the Province not otherwise earmarked by legislative action, including the accounts of the British Columbia Liquor Distribution Branch, the Queen's Printer and the Purchasing Commission;
- (ii) the Special Funds, which comprise all amounts set aside from the General Fund by special disposition of the Legislature for specific purposes;
- (iii) Crown Service corporations, which are considered to be extensions of existing Government programs; and
- (iv) certain Provincial corporations and agencies which are considered to support existing Government programs.

Certain Crown corporations which have been identified as transportation and commercial enterprises, and which are intended to be run on commercial lines, are recorded in these financial statements on an equity basis. A schedule of entities recorded on a consolidated or equity basis may be found on page C 25.

The British Columbia Housing and Employment Development Financing Authority is not recorded in these financial statements because it is designed to finance housing and other capital projects managed by the private sector without any Provincial government funding. Also excluded are health and educational institutions which are legally distinct from Government and whose boards are required to report separately on their stewardship.

The Workers' Compensation Board of British Columbia has neither been consolidated nor recorded on an equity basis because it carries on a quasi-insurance activity funded by contributions from employers and it is not intended to be run on commercial lines. Similarly, the activities of the Insurance (Motor Vehicle) Act Fund have neither been consolidated nor recorded on an equity basis because it operates as a self-sustaining entity.

Since the purpose of the British Columbia Assessment Authority is to establish and maintain uniform provincial assessments, largely for municipalities, it has not been either consolidated or recorded on an equity basis in these financial statements.

Separate financial statements for all entities which have been either consolidated or recorded on an equity basis in these financial statements are included in Section G of the Public Accounts. Section G also includes financial statements for all major Provincial government entities, as well as those for all public bodies which are audited by the Auditor General.

In addition, the consolidated balance sheet discloses, on a memorandum basis, Trust Funds which include trust deposits, sinking funds, certain assurance funds and superannuation funds administered by the Government but over which it has no power of appropriation. Details of Trust Funds are contained in Section D of the Public Accounts.

(b) PRINCIPLES OF CONSOLIDATION

The accounts of the Crown Service and Provincial corporations are consolidated with the General Fund and Special Funds after adjusting them to conform with the accounting policies described below. Inter-company accounts and inter-fund revenue and expenditure transactions are eliminated upon consolidation.

The transportation and commercial enterprises, which maintain their accounts in accordance with accounting principles applicable to commercial entities, are included on an equity basis without adjusting them to conform with the accounting policies described below. Inter-company accounts and transactions are not eliminated. However, profit elements included in such transactions, including certain increases in contributed surplus, are eliminated. Also eliminated is a gain on the defeasance of British Columbia Railway Company's historic debt.

No adjustments are made on consolidation to those consolidated entities whose fiscal year-ends are not the same as that of the Government, where the effect of adjustment would not be significant to the consolidated operating results.

(c) BASIS OF ACCOUNTING

The accrual basis of accounting is used which, for these consolidated financial statements, is specifically expressed as follows:

Revenue

All revenues are recorded on an accrual basis except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable. The exceptions, which normally relate to certain payments to the Province under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*, are recorded on a cash basis.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

Expenditure

All expenditures, including the cost of fixed assets, are recorded for goods received and services rendered during the year.

Grants are recorded as expenditures. Conditional or fee for service types of grants are expensed when the goods or services have been received or when conditions of a contract have been fulfilled. Unconditional grants, which do not require fulfillment of any terms of a contract before payment, are expensed at the time the funds are disbursed.

Recoveries of expenditures may be permitted as a credit to the appropriate expenditure account when:

- (i) they can be specifically identified with the expenditure transactions and payment has actually been made from an appropriation;
- (ii) provision for them has been approved through the *Estimates* or by Treasury Board; and
- (iii) the expenditure to which they relate was incurred in the same fiscal year.

Assets

All assets are recorded to the extent that they represent claims upon outside parties or items held for resale to outside parties as a result of events and transactions prior to the year-end. Rental payments for leases which transfer the benefits and risks incident to the ownership of certain assets are reported as expenditures at the dates of inception of the leases.

Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end and foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts which specify the rate of exchange. Adjustments to revenue or expenditure transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long-term, fixed term monetary assets and liabilities are reported as a deferred charge and amortized over the remaining terms of the related items on a straight-line basis.

Non monetary assets and liabilities are translated at historical rates of exchange.

(d) SPECIFIC POLICIES

Cash and Temporary Investments

Cash balances are shown after deducting outstanding cheques issued prior to the year-end. Cheques issued subsequent to the year-end relating to the previous year are included in accounts payable.

Temporary investments represent short-term investments, including those in Crown corporations, made to obtain a return on a temporary basis.

Temporary investments are recorded at the lower of cost and market value.

Accounts Receivable

All amounts receivable at the year-end for work performed, goods supplied or services rendered are recorded as part of the revenue of the fiscal year. Provision is made where collectibility is considered doubtful.

Due From Crown Corporations and Agencies

Due from Crown corporations and agencies represent amounts due, other than trade receivables, which will be realized in the following year. Provision is made where collectibility is considered doubtful.

Mortgages Receivable

Mortgages receivable are secured by real estate and are repayable over periods ranging up to thirty years. Provision is made where collectibility is considered doubtful.

Prepaid Program Costs

Prepaid program costs represent expenditures made during the fiscal year for work to be performed, goods to be supplied, services to be rendered or contractual obligations to be fulfilled by outside parties in a subsequent fiscal year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

Inventories

Inventories comprise items held for resale and are recorded at the lower of cost and net realizable value. Inventories of supplies are charged to the respective programs when the cost is incurred.

Investments in Crown Corporations—at Equity

Investments in those Crown corporations which have been identified as Transportation companies and Commercial enterprises and which are intended to be run on commercial lines are recorded on an equity basis of accounting. Under this method the Province records its investments (including long-term advances) at cost, adjusted for increases and decreases in the investees' net assets. Since the Government ensures the ongoing activities of these enterprises, full account is taken of losses in the investee companies, even where the cumulative losses exceed the original investment.

Fiscal Agency Loans

Fiscal agency loans consist of loans made to government bodies which have been financed by borrowings made by the Minister of Finance, in his capacity as fiscal agent, together with borrowings made by the three financing authorities. These loans are recorded at maturity value less unamortized discount and sinking fund balances. Discount is amortized on a straight-line basis over the lives of the loans.

Property Under Development

Property under development is comprised of all property which will eventually be sold to outside parties. Such property is recorded at the lower of cost and net realizable value.

Fixed Assets

Disbursements for fixed assets are recorded as expenditures in the year the assets are received. Consistent with the reporting of fixed assets as expenditures, highways, bridges, wharves, ferries and ferry landings, buildings, office equipment, furniture, automobiles and 76 million hectares (293,000 square miles) of Crown land comprised of parks, forests and all other publicly held land in the Province are recorded at a nominal value of \$1.

Other Assets

Other assets include loans, investments and advances of a miscellaneous nature which are recorded at cost after adjustment for any prolonged impairment in value. Certain deferred charges are also included.

Accounts Payable and Accrued Liabilities

All amounts payable for work performed, goods supplied, services known to have been rendered, or for charges incurred in accordance with the terms of a contract, are recorded as part of the expenditure of the fiscal year.

Due to Crown Corporations and Agencies

Amounts due to Crown corporations and agencies represent liabilities incurred which are repayable in the following year.

Deferred Revenue

Deferred revenue represents amounts received prior to the year-end in payment of revenue that will be earned in subsequent fiscal years.

Public Debt

Public debt represents direct debt obligations for the purpose of the Province of British Columbia, fiscal agency loans, and direct debt obligations of consolidated Crown corporations. Fiscal agency loans represent borrowings made by the Minister of Finance, in his capacity as fiscal agent, on behalf of government bodies in accordance with the *Financial Administration Act* (S.B.C. 1981, chapter 15). These obligations are recorded at their principal value at maturity less unamortized discount and sinking fund balances where applicable. Discount is amortized on a straight-line basis over the lives of the respective issues.

Guaranteed Debt

Guaranteed debt represents that debt of municipalities and other local governments, private enterprises and individuals, and debt and minority interests of Provincial Crown corporations which has been explicitly guaranteed or indemnified by the Province under the authority of a statute as to net principal and accrued interest outstanding.

Commitments

Commitments represent obligations of the Consolidated Entities to the extent of contracts and agreements in place at the year end, as disclosed in the audited financial statements of the Province and the related Crown Corporations and Agencies.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

2. Changes in Accounting Policy

- (a) A change in policy has been retroactively implemented which recognizes accumulated employee sick leave, vacation and other entitlements as liabilities of the Province. Under the previous accounting policy these items were recognized as expenditures in the accounts when paid. The effect of this change in policy in the 1985 financial statements is to increase the net deficiency at the beginning of the year by \$107,880,213 (1984: \$115,378,316) to decrease net expenditure by \$7,155,338 (1984: \$7,498,103) and to increase accrued liabilities by \$100,724,875 (1984: \$107,880,213).
- (b) Effective April 1, 1984, the Province adopted a policy recommended by the Canadian Institute of Chartered Accountants for unrealized foreign currency gains and losses. Unrealized gains and losses on long-term, fixed term monetary assets and liabilities are deferred and amortized over the remaining terms of the related items on a straight line basis. The effect of this policy in the 1985 financial statements is to charge the current year's net income with \$2,675,516 for amortization of deferred losses and to establish unamortized deferred charges of \$12,212,944. No adjustment to the consolidated financial statements has been made for any variations in the implementation of the Canadian Institute of Chartered Accountants' recommendation by the corporations included on the equity basis.
- (c) On August 1, 1985, Treasury Board approved the consolidation of the Capital Financing Authorities: British Columbia Educational Institutions, British Columbia Regional Hospital Districts and British Columbia School Districts with other Provincial corporations and agencies. The effect of this change on the Consolidated Statement of Operating Results is to increase revenue and expenditure by an equal amount of \$146,649,793. The effect on the Consolidated Balance Sheet is to increase accounts receivable and accounts payable by an equal amount of \$96,170,709, and to increase fiscal agency loans and public debt by an equal amount of \$1,965,968,121. The 1984 comparative statements have not been restated since this change had no effect on the Taxpayers' Equity.

3. Cash and Temporary Investments

Included in temporary investments are bonds and notes of certain Crown corporations amounting to \$292,968 (1984: \$5,635,760).

4. Accounts Receivable

	1985	1984
	\$	\$
Government of Canada.....	76,186,781	151,778,079
British Columbia municipalities—re: shared-cost programs.....	25,280,451	31,428,001
Taxes receivable	250,344,553	225,422,215
Timber royalty, stumpage and range fees	31,982,122	47,231,067
School districts, library districts, improvement districts, water districts, co-operative associations, local areas and other.....	189,809,411	189,455,176
Ministerial advances and sundry agencies.....	3,869,490	4,009,094
Trade accounts and other receivables of the:		
Crown Land.....	3,595,543	1,529,832
British Columbia Liquor Distribution Branch.....	2,240,349	1,134,257
Queen's Printer.....	153,869	131,240
Lottery Fund.....	8,081,086	9,363,698
Farm Income Assurance Fund.....	15,790,065	14,112,342
First Citizens Fund.....		5,210
University Endowment Lands Administration.....	97,480	90,432
Revenue Sharing Fund.....	6,543	
Accrued interest receivable.....	36,179,940	13,093,097
Land sales—principal.....	3,177,058	3,356,853
Water rental and recording fees	1,057,074	985,041
Court fees.....	4,470,787	4,303,476
Sundry fees.....	13,079,765	16,073,348
Recoveries from Crown corporations	10,969,998	10,840,849
<i>Financial Administration Act, sec. 22.....</i>	14,458,150	10,236,611

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

4. Accounts Receivable—Continued

Accounts receivable of consolidated Crown corporations:

British Columbia Buildings Corporation	2,455,000	2,294,000
British Columbia Educational Institutions Capital Financing Authority	17,167,169	
British Columbia Food Exhibitions Ltd.	156	
British Columbia Health Care Research Foundation	61,755	179,248
British Columbia Heritage Trust	50,839	59,974
British Columbia Housing Management Commission	3,997,838	4,242,002
British Columbia Pavilion Corporation	1,486,722	
British Columbia Petroleum Corporation	97,042,792	52,206,188
British Columbia Place Ltd.	632,302	1,129,000
British Columbia Regional Hospital Districts Financing Authority	31,655,125	
British Columbia School Districts Capital Financing Authority	47,348,415	
British Columbia Systems Corporation	1,124,620	1,178,220
Creston Valley Wildlife Management Authority Trust Fund	4,805	3,319
Discovery Foundation	384,208	149,568
Expo 86 Corporation	817,603	798,808
Health Facilities Association of British Columbia	133,800	498,488
Knowledge Network of the West Communications Authority	56,149	12,439
Legal Services Society	28,021	28,083
Medical Services Commission of British Columbia	1,827,826	1,666,579
Provincial Capital Commission	75,448	44,285
Science Council of British Columbia	29,269	35,096
Universities Council	17	2,615
W.L.C. Developments Ltd.	302,455	606,478
	<u>897,512,849</u>	<u>799,714,308</u>

5. Due From Crown Corporations and Agencies

	1985	1984
	\$	\$
Workers' Compensation Board of British Columbia	<u>1,502,000</u>	<u>1,502,000</u>

6. Mortgages Receivable

	1985	1984
	\$	\$
Crown Land—first mortgages, fully secured, with terms of up to 30 years and interest rates varying from 4% to 22¼%	38,082,764	39,210,300
Provincial Home Acquisition—first and second mortgages pursuant to the <i>Provincial Home Acquisition Act</i> , <i>Home Purchase Assistance Act</i> and the <i>Home Conversion and Leasehold Loan Act</i> , fully secured, with terms of up to 25 years and interest rates varying from 8¾% to 15% (net of provision for doubtful recoveries of \$3,000,000; 1984 \$2,000,000)	231,270,897	225,955,629
Mortgages receivable of the following Crown corporations:		
British Columbia Heritage Trust	151,790	153,782
British Columbia Petroleum Corporation	68,169	
British Columbia Place Ltd.	2,709,000	2,689,000
Health Facilities Association of British Columbia	4,825,317	5,046,670
	<u>277,107,937</u>	<u>273,055,381</u>

7. Prepaid Program Costs

	1985	1984
	\$	\$
British Columbia Petroleum Corporation, prepaid gas	112,139,002	105,818,083
Guaranteed Available Income for Need Act	71,787,924	62,743,055
Other	7,803,378	11,855,339
	<u>191,730,304</u>	<u>180,416,477</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

8. Inventories

	1985	1984
	\$	\$
British Columbia Liquor Distribution Branch.....	43,103,917	37,244,846
Ministry of Education.....	510,898	707,721
Ministry of Energy, Mines and Petroleum Resources.....	139,090	
Ministry of Environment.....	409,970	519,080
Ministry of Finance.....	2,425,820	2,425,820
Ministry of Health.....	730,329	1,020,312
Ministry of Provincial Secretary and Government Services.....	773,544	654,245
Other.....	107,879	200,886
	<u>48,201,447</u>	<u>42,772,910</u>

**9. Investments in Crown Corporations
—at equity**

	1985			1984
	Shares and Advances	Unremitted Equity	Total	Total
	\$	\$	\$	\$
British Columbia Cellulose Company.....	2	1,721,878	1,721,880	2,916,580
British Columbia Development Corporation.....	75,468,300	(60,027,223)	15,441,077	54,605,836
British Columbia Ferry Corporation.....	6,851,185	(15,720,000)	(8,868,815)	(6,856,815)
British Columbia Hydro and Power Authority.....	8,077,086	518,800,000	526,877,086	553,073,595
British Columbia Lottery Corporation.....	13,282,333		13,282,333	
British Columbia Railway Company.....	37,350,601	562,089,000	599,439,601	131,269,601
British Columbia Steamship Company (1975) Ltd.....	5	432,330	432,335	937,182
British Columbia Transit.....	55,000,000	(16,728,000)	38,272,000	46,198,000
Housing Corporation of British Columbia.....	1	4,799,000	4,799,001	4,447,001
Insurance Corporation of British Columbia.....		8,378,000	8,378,000	13,472,000
Ocean Falls Corporation.....		(2,959,556)	(2,959,556)	(2,098,345)
Pacific Coach Lines Limited.....	2	(3,966,269)	(3,966,267)	(2,382,386)
Surrey Farm Products Investments Ltd.....				(592,162)
	<u>196,029,515</u>	<u>996,819,160</u>	<u>1,192,848,675</u>	<u>794,990,087</u>

For details of the computation of these figures see pages C 27 and C 28.

(a) British Columbia Cellulose Company

During the year ended March 31, 1984 the Legislature passed the *British Columbia Cellulose Company Repeal Act*. The purpose of this Act is to dissolve British Columbia Cellulose Company and transfer all properties and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(b) British Columbia Lottery Corporation (the Corporation)

The British Columbia Lottery Corporation was incorporated on October 25, 1984 for the purpose of conducting and managing lottery games on behalf of the Province. By agreement, dated March 29, 1985 the Province withdrew from the Western Canada Lottery Foundation and designated the Corporation to assume this function. The Corporation also represents the interest of the Province in the Inter-Provincial Lottery Corporation games. Operations of the Corporation commenced April 1, 1985.

During the year the Corporation received from the Province interest free advances totalling \$13,282,332 to facilitate initial investments in leaseholds, equipment and furnishings. Advances will be repaid from the operations of the Corporation, and are not subject to any specific repayment terms.

(c) British Columbia Railway Company (the Railway)

The Province holds the entire issued share capital of the British Columbia Railway Company and, pursuant to the *British Columbia Railway Finance Act* (formerly the *British Columbia Railway Construction Loan Act*), guarantees the payment of the principal and interest on all monies borrowed by the Railway. The historic cost of the shares was \$257,688,500 and the amount of the debt (net of sinking funds) guaranteed by the Province was \$226,322,983 at March 31, 1985.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

9. Investments in Crown Corporations—at equity—Continued

During the year ended March 31, 1980, the Province's investment, which amounted to \$185,572,900, was written down to one dollar and an additional investment of \$45 million made in March, 1982 was written off because of the cumulative deficit of the Railway at that date.

During the year ended March 31, 1984, 160,000 shares in the Railway were acquired by the Province at a cost of \$16,000,000 in cash and a further 111,156 shares were acquired at a par value of \$100 each in exchange for the net railway assets of the British Columbia Harbours Board. In view of the net equity position of the Railway at the time of issue of these shares, their cost is recorded as an asset of the Province.

During the current fiscal year the Province provided \$29,359,461 to the Railway to be applied against its historic debt service charges prior to the date of payment of the allocation from the Resource Revenue Stabilization Fund.

On June 15, 1984, the Province of British Columbia paid from the Resource Revenue Stabilization Fund to the Railway \$407,642,191 (Canadian) and \$17,177,060 (U.S.) to enable the Railway to fully fund its historic debt. These amounts, when added to existing sinking fund balances, permitted the Railway to fund each debt issue on a full and irrevocable basis. The Trustee of the sinking funds used the entire amounts in the sinking funds to purchase promissory notes issued by the Province in the amount of \$690,827,000 (Canadian) and \$25,747,000 (U.S.). The payment terms and conditions of the promissory notes are sufficient to pay in full all future amounts payable under the terms of the debt issues comprising the historic debt.

The Province instructed the Railway to consolidate its accumulated deficit with contributed surplus as at December 31, 1984 resulting in a transfer from deficit of \$242,841,000.

In June, 1984 BC Rail Ltd. issued, through Canadian stock exchanges, eight million Series A Preferred Shares at a price of \$25 per share. The common shares of BC Rail Ltd. are owned 25% by the Railway and 75% by BCR Properties Ltd. The Railway holds 100% of the common shares of BCR Properties Ltd.

The proceeds of \$200 million from the sale of the preferred shares were used by BC Rail Ltd. as part payment for the purchase of the railway assets from the Railway, which in turn, applied the \$200 million to reduce its notes payable. These notes had been issued as interim financing in connection with the costs of construction of the 129 kilometre Tumbler Ridge Branch Line.

The Province has agreed to pay to a trustee for distribution to holders of Series A Preferred Shares an amount equal to any dividend, retraction, redemption or liquidation payment specified or provided for in the share provisions attaching to the Series A Preferred Shares which is not made by BC Rail Ltd.

(d) British Columbia Transit

The British Columbia Transit advance represents an interest free promissory note with a principal balance of \$55,000,000. This note does not become due and payable until any rail transit system, constructed or acquired by British Columbia Transit, enters into revenue service operations.

(e) Housing Corporation of British Columbia (the Corporation)

The operations of the Corporation are in the process of voluntary liquidation. Pending dissolution the investment is carried at a nominal value of \$1, plus unremitted equity of \$4,799,000.

(f) Ocean Falls Corporation

During the year ended March 31, 1984 the Legislature passed the *Ocean Falls Repeal Act*. The purpose of this Act is to dissolve the Ocean Falls Corporation and to transfer all of its property and liabilities to the Crown. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(g) Pacific Coach Lines Ltd. (the Company)

On March 31, 1984 the operations of the Pacific Coach Lines Ltd. ceased and wind-up of the company is currently in process.

(h) Surrey Farm Products Investments Ltd. (the Company)

The Company (now named British Columbia Food Exhibitions Ltd.) is currently being organized to carry out an international food trade show "Food Pacific 86". Due to the change in the activities of the Company it is now reported on a fully consolidated basis.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1985—Continued**

10. Fiscal Agency Loans

	1985			1984
	Short-Term	Long-Term	Total	Total
	\$	\$	\$	\$
British Columbia Assessment Authority.....	3,319,300		3,319,300	3,578,940
British Columbia Educational Institutions.....		378,550,843	378,550,843	
British Columbia Hydro and Power Authority.....		353,339,857	353,339,857	
British Columbia Railway Company.....	115,891,023	24,787,722	140,678,745	
British Columbia Regional Hospital Districts.....		636,405,312	636,405,312	
British Columbia School Districts.....		933,296,788	933,296,788	
British Columbia Transit.....	146,885,709	229,043,708	375,929,417	86,500,000
Capital Project Certificate of Approval Program.....	11,694,089		11,694,089	
University of British Columbia.....	11,448,975		11,448,975	
	<u>289,239,096</u>	<u>2,555,424,230</u>	<u>2,844,663,326</u>	<u>90,078,940</u>

11. Property Under Development

	1985	1984
	\$	\$
Crown Land—real estate.....	57,866,040	53,419,774
W.L.C. Developments Ltd.—land.....	9,282,107	9,161,769
	<u>67,148,147</u>	<u>62,581,543</u>

12. Fixed Assets

The values of fixed assets listed below are recorded in the accounts of the various consolidated entities, but for the purposes of these consolidated financial statements, the amounts have been reduced to a nominal value of \$1 to conform with the accounting policies of the Government.

	1985			1984
	Cost	Accumulated Depreciation and Amortization	Net	Net
	\$	\$	\$	\$
British Columbia Buildings Corporation.....	702,010,000	133,605,000	568,405,000	580,843,000
British Columbia Heritage Trust.....	1,034,868		1,034,868	905,590
British Columbia Housing Management Commission.....	892,260	618,387	273,873	82,819
British Columbia Pavilion Corporation.....	152,045	49,976	102,069	
British Columbia Petroleum Corporation.....	586,482	326,890	259,592	213,155
British Columbia Place Ltd.....	322,883,000	6,241,000	316,642,000	269,543,000
British Columbia Systems Corporation.....	63,417,000	10,838,000	52,579,000	49,420,000
Discovery Foundation.....	9,851,571	287,261	9,564,310	9,044,905
Expo 86 Corporation.....	195,165,707		195,165,707	51,569,137
Health Facilities Association of British Columbia.....	77,328,529		77,328,529	73,859,076
Knowledge Network of the West Communications Authority.....	3,253,870	1,801,530	1,452,340	1,495,043
Provincial Rental Housing Corporation.....	89,977,955	13,741,218	76,236,737	76,363,732
W.L.C. Developments Ltd.....	4,665,090		4,665,090	525,055
	<u>1,471,218,377</u>	<u>167,509,262</u>	<u>1,303,709,115</u>	<u>1,113,864,512</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

13. Other Assets

	1985	1984
	\$	\$
Investments—		
British Columbia Regional Hospital Districts Financing Authority bonds		12,000,000
British Columbia School Districts Capital Financing Authority bonds		44,075,786
British Columbia Resources Investment Corporation		617
Loans under the—		
<i>Farm Product Industry Act</i>	646,277	661,277
<i>Ministry of Industry and Small Business Development Act</i>	52,074,747	55,437,263
<i>Agricultural Land Development Act</i>	18,291,718	18,798,331
Oyster Seed Program	3,593	10,567
Downtown Revitalization	10,839,235	7,719,320
Advances—		
City of Penticton	150,000	150,000
British Columbia Credit Unions under Housing Initiative Program Agreement	31,638,219	96,342,805
<i>Homeowner Assistance Act</i>	78,878,024	72,826,465
<i>Agricultural Land Commission Act</i>	808,444	672,952
Crop Insurance Stabilization	5,100,000	
Issue costs on Public Debt	9,820,750	3,784,994
Unamortized foreign exchange losses less gains	12,212,944	
Other		404,493
Investments and Loans—consolidated Crown corporations		
British Columbia Petroleum Corporation	42,465,279	32,454,594
Creston Valley Wildlife Management Authority Trust Fund	110,025	88,591
Knowledge Network of the West Communications Authority	1,772,416	1,963,801
Deferred charges—consolidated Crown corporations		
British Columbia Buildings Corporation	3,287,000	
British Columbia Food Exhibitions Ltd.	6,611	
British Columbia Petroleum Corporation		246,952
British Columbia Place Ltd.	734,500	875,000
British Columbia Systems Corporation	1,040,000	
Discovery Foundation	2,328,523	3,228,513
Health Facilities Association of British Columbia		117,964
Provincial Capital Commission		1,778
	272,208,305	351,862,063

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

14. Accounts Payable and Accrued Liabilities

	1985	1984
	\$	\$
Consolidated Revenue Fund	793,855,887	697,419,528
Accounts payable of consolidated Crown corporations:		
British Columbia Buildings Corporation	35,812,229	49,186,731
British Columbia Educational Institutions Capital Financing Authority	17,167,169	
British Columbia Food Exhibitions Ltd.	2,484	
British Columbia Health Care Research Foundation	3,358	1,863,997
British Columbia Heritage Trust	12,747	16,130
British Columbia Housing Management Commission	3,370,650	3,595,383
British Columbia Pavilion Corporation	62,164	
British Columbia Petroleum Corporation	85,842,042	70,866,948
British Columbia Place Ltd.	15,172,119	16,435,440
British Columbia Regional Hospital Districts Financing Authority	31,655,125	
British Columbia School Districts Capital Financing Authority	47,348,415	
British Columbia Systems Corporation	17,132,000	16,201,817
Creston Valley Wildlife Management Authority Trust Fund	1,395	1,296
Discovery Foundation	364,953	575,764
Expo 86 Corporation	16,399,578	10,680,747
Health Facilities Association of British Columbia	3,090,334	6,639,292
Knowledge Network of the West Communications Authority	88,994	176,172
Legal Services Society	1,322,004	2,717,305
Medical Services Commission of British Columbia	105,705,921	99,092,106
Provincial Capital Commission	129,260	167,487
Provincial Rental Housing Corporation	2,583,194	
Science Council of British Columbia	44,151	53,801
Universities Council	21,829	26,252
W.L.C. Developments Ltd.	1,249,028	550,661
	<u>1,178,437,030</u>	<u>976,266,857</u>

15. Due to Crown Corporations and Agencies

	1985	1984
	\$	\$
British Columbia Assessment Authority		256,980
British Columbia Development Corporation	2,150,546	732,324
British Columbia Hydro and Power Authority	87,177	500,000
British Columbia Institute of Technology	381,777	1,478,407
British Columbia Transit	10,996,651	1,005,000
Pacific Vocational Institute	1,190,800	851,743
Simon Fraser University	1,536,111	1,604,594
University of British Columbia	6,570,681	3,996,736
University of Victoria	977,219	978,995
Workers' Compensation Board of British Columbia	1,733,504	
	<u>25,624,466</u>	<u>11,404,779</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

16. Deferred Revenue

	1985	1984
	\$	\$
Taxation—property tax.....	720,748	
Natural resources revenue—		
Minerals—permits and fees.....	31,892,784	26,991,000
Water resources—water rentals and recording fees.....	51,596,804	46,949,385
Timber harvesting, rentals and fees.....	4,871,912	5,413,518
Forest Protection Agreement.....		334,535
Other revenue—		
Licence revenue.....	63,297,000	71,138,000
Land leases.....	3,673,040	4,253,164
Land sales.....	4,983,724	3,207,713
Miscellaneous sales and services.....	2,348,861	3,100,531
Contributions from the Federal Government—		
Canada Assistance Plan.....	30,564,862	23,405,476
Deferred revenue of consolidated Crown corporations:		
British Columbia Housing Management Commission.....	212,216	117,089
British Columbia Petroleum Corporation.....	30,475,487	34,241,135
British Columbia Place Ltd.....	1,802,000	1,750,000
British Columbia Systems Corporation.....		957,000
Creston Valley Wildlife Management Authority Trust Fund.....		950
Discovery Foundation.....	200,340	110,162
Expo 86 Corporation.....	2,916,704	1,015,823
Knowledge Network of the West Communications Authority.....	41,600	
Medical Services Commission of British Columbia.....	28,569,765	25,708,305
Provincial Capital Commission.....	13,395	10,289
	<u>258,181,242</u>	<u>248,704,075</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

	1985			1984	
	Gross Debt \$	Less		Net Debt \$	Net Debt \$
Sinking Funds Accumulated \$		Debt Held by Consolidated Entities \$			
Debt issued by:					
Consolidated Revenue Fund ¹	3,791,697,229			3,791,697,229	1,833,866,226
Crown Corporations:					
British Columbia Buildings Corporation ¹	674,081,155	(29,634,000)	(190,818,722)	453,628,433	500,074,864
British Columbia Educational Institutions Capital Financing Authority	413,762,000	(35,211,157)	(5,188,000)	373,362,843	
British Columbia Petroleum Corporation	29,872,740			29,872,740	30,000,000
British Columbia Place Ltd.	106,502,500	(688,000)	(76,648,186)	29,166,314	30,000,000
British Columbia Regional Hospital Districts Financing Authority	961,088,958	(243,737,160)	(12,000,000)	705,351,798	
British Columbia School Districts Capital Financing Authority	1,550,885,895	(617,589,107)	(44,080,059)	889,216,729	
British Columbia Systems Corporation	59,411,017	(2,034,017)		57,377,000	57,951,000
Expo '86 Corporation	203,271,099		(203,271,099)		
Health Facilities Association of British Columbia	91,807,624	(17,187,472)	(74,620,152)		85,431,459
Provincial Rental Housing Corporation	70,845,857		(24,334,488)	46,511,369	46,593,211
W.L.C. Developments Ltd.	17,138,818			17,138,818	11,381,852
	<u>7,970,364,892</u>	<u>(946,080,913)</u>	<u>(630,960,706)</u>	<u>6,393,323,273</u>	<u>2,595,298,612</u>

Net debt repayment due in the next fiscal year is Canadian \$272 million and due within the next five years is Canadian \$1,378 million and U.S. \$25.3 million. Details of the various terms of repayment are available in the financial statements of each of the consolidated entities. Refer to Section G for Crown corporations' financial statements and to the Schedule of Public Debt in Section B for Combined General and Special Fund details.

¹ The 1985 Gross Debt is net of unamortized discount in the amount of \$225,463,223 for the Consolidated Revenue Fund and \$27,278,000 for the British Columbia Buildings Corporation.

18. Contingencies and Commitments

(a) Guaranteed Debt

Guaranteed debt at March 31, 1985 totalled \$9,439 million. Included in guaranteed debt is that debt of municipalities and other local governments, and private enterprises and individuals, and debt and minority interests of Provincial Crown corporations, which has been explicitly guaranteed or indemnified by the Province under the authority of a statute as to net principal and accrued interest outstanding. See Schedule of Guaranteed Debt on pages C 29 and C 30 for details.

(b) Contingent Liabilities

(i) Pending Litigation

The Government is a defendant in legal actions which may give rise to future liabilities. Because the outcome of the litigation is uncertain, no amount has been recorded in these financial statements.

The Government has a contingent liability in respect of the following summary of cases where the estimated or known claim exceeds \$100,000:

- (a) A number of airline and railroad companies are challenging the Province's ability to tax the fuel consumed for their operations and to collect sales tax on aircraft; the amounts in issue total \$9 million.
- (b) Various claims totalling \$9.8 million against assessments for social services, logging, mining, and corporation capital tax.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

18. Contingencies and Commitments—Continued

(c) Various legal actions totalling \$7.2 million (each under \$2 million and over \$100,000), representing claims of damages to persons and property or other miscellaneous claims.

(ii) Other Contingent Liabilities

The Government also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims. Because these amounts are uncertain no liability for them has been recorded in these financial statements.

(iii) British Columbia Hydro and Power Authority (B.C. Hydro)

The powerplant and concrete dam contractor on the Revelstoke project delivered in March 1984 a submission of claims for substantial unanticipated costs with respect to the work performed to completion to a maximum amount of \$128 million. It is expected that B.C. Hydro will deny liability for the substantial part of all the claims made. Should any amount be paid by B.C. Hydro as a result of the claims, it will be capitalized as part of construction expenditures and included in fixed assets.

(iv) British Columbia Transit

During the fiscal year 1981/82, \$60 million was received from the Government of Canada to be applied to the purchase of vehicles and the prebuild section of the advanced light rapid transit project. British Columbia Transit is contingently liable for repayment of some or all of the funds until such time as certain provisions of the agreement dated February 26, 1982 have been completed.

(c) General Commitments

At the end of each year there are a number of general commitments outstanding for ongoing programs and operations.

For reporting purposes in these financial statements, future expenditures of fully consolidated entities are recorded as a charge in the year in which the work or service is performed. Commitments for capital construction projects totalled approximately \$377 million. Minimum payments under leases and other operating commitments totalled approximately \$574 million.

Approved capital commitments for those entities reported on the equity basis totalled approximately \$432 million and minimum payments under operating leases totalled approximately \$111 million.

(d) Superannuation and Pension Actuarial Valuations

The Government has statutory responsibility for unfunded liabilities of the Public Service Superannuation Fund and the Teachers' Pension Fund as follows:

	Public Service Superannuation as at March 31, 1980 ¹ \$	Teachers' Pensions as at December 31, 1980 ¹ \$
Assets		
Fund.....	1,069,594,000	716,697,000
Present value of future contributions.....	<u>1,071,750,000</u>	<u>1,805,273,000</u>
	2,141,344,000	2,521,970,000
Unfunded Liability.....	<u>631,172,000</u>	<u>1,019,270,000</u>
Total Actuarial Liability.....	<u>2,772,516,000</u>	<u>3,541,240,000</u>

See Section H of the Public Accounts for further details of these plans.

¹ New actuarial valuations are currently in process.

19. Subsequent Events

(a) *Province of British Columbia (the Province)*

In April 1985, the British Columbia Educational Institutions Capital Financial Authority purchased subordinated debentures of the Canadian Commercial Bank in the amount of \$13 million. The purchase was made under an agreement with the Province in which the Authority was indemnified from and against any and all losses which might be incurred as a result of the purchase. This arrangement represented the Province's participation in the refinancing of the Canadian Commercial Bank at that time. Four months later, at which time the Province's only investment in the Canadian Commercial Bank was through the above-noted debentures, the Government of Canada announced that it was seeking a court-ordered liquidation of the bank. The amount that the Province may be called upon to pay to the Authority pursuant to the indemnity is uncertain.

(b) *British Columbia Harbours Board (the Board)*

Sections 2 and 3 of the *British Columbia Harbours Board Repeal Act* which provide for the repeal of the *Harbour Board Act* and dissolution of the Board respectively, came into force May 30, 1985.

(c) *British Columbia Lottery Corporation (the Corporation)*

On June 28, 1985 the Legislature passed the *Lottery Corporation Act* (Bill 43). The purpose of this Act is to continue the British Columbia Lottery Corporation as a Crown corporation established by statute. This Act has not yet come into force by regulation of the Lieutenant Governor in Council.

(d) *British Columbia Petroleum Corporation (the Corporation)*

The British Columbia Petroleum Corporation at March 31, 1985 had a liability for future gas supply of \$30,475,487. This liability represented payments received from a distributor in 1981, 1982 and 1983 who was unable to take delivery of the gas purchased. Such gas volumes may be recovered from the Corporation within five years from the date incurred without further payment. Subsequent to March 31, 1985 the Corporation agreed to return, by July 1, 1985, the volumes of gas represented by the amount of \$30,475,487, being the Corporation's liability for future gas supply, to the distributor who paid for those volumes. The net loss of revenues on the volumes of gas returned to the distributor amounts to approximately \$13,500,000.

(e) *British Columbia Transit*

Effective June 1, 1985, the *British Columbia Transit Amendment Act (No. 2), 1985* merged the Metro Transit Operating Company with British Columbia Transit. Pursuant to the Act, British Columbia Transit assumed all property, rights, debts and obligations as well as responsibility for all employees of the Metro Transit Operating Company.

20. Comparatives

Certain of the comparative figures for the previous year have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

**CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF ENTITIES RECORDED ON A CONSOLIDATED OR EQUITY BASIS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

CROWN SERVICE CORPORATIONS
RECORDED ON CONSOLIDATED BASIS

British Columbia Buildings Corporation
British Columbia Systems Corporation

PROVINCIAL CORPORATIONS AND AGENCIES
RECORDED ON CONSOLIDATED BASIS

British Columbia Educational Institutions Capital Financing Authority¹
British Columbia Food Exhibitions Ltd. (Formerly Surrey Farm Products Investments Ltd.)²
British Columbia Health Care Research Foundation
British Columbia Heritage Trust
British Columbia Housing Management Commission
British Columbia Pavilion Corporation¹
British Columbia Petroleum Corporation
British Columbia Place Ltd.
British Columbia Regional Hospital Districts Financing Authority¹
British Columbia School Districts Capital Financing Authority¹
Creston Valley Wildlife Management Authority Trust Fund
Discovery Foundation
Expo 86 Corporation
Health Facilities Association of British Columbia
Knowledge Network of the West Communications Authority
Legal Services Society
Medical Services Commission of British Columbia
Provincial Capital Commission
Provincial Rental Housing Corporation
The Science Council of British Columbia and Secretariat on Science, Research and
Development (Science Council of British Columbia)
Universities Council
W.L.C. Developments Ltd.

TRANSPORTATION COMPANIES AND COMMERCIAL ENTERPRISES
RECORDED ON EQUITY BASIS

British Columbia Cellulose Company
British Columbia Development Corporation
British Columbia Ferry Corporation
British Columbia Harbours Board³
British Columbia Hydro and Power Authority
British Columbia Lottery Corporation¹
British Columbia Railway Company
British Columbia Steamship Company (1975) Ltd.
British Columbia Transit
Housing Corporation of British Columbia
Insurance Corporation of British Columbia⁴—excluding the Insurance (Motor Vehicle) Act
Fund
Metro Transit Operating Company
Ocean Falls Corporation
Pacific Coach Lines Limited

¹ These entities have been added in the current fiscal year.

² British Columbia Food Exhibitions Ltd. has been transferred from equity basis to consolidated basis due to the nature of its operations.

³ British Columbia Harbours Board had no assets, liabilities or operations during the fiscal year. *See also* note 19 to the Consolidated Financial Statements.

⁴ The General Insurance Division operations of the Insurance Corporation of British Columbia were sold during the 1985 fiscal year.

**CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF OPERATING RESULTS OF CONSOLIDATED CROWN CORPORATIONS¹
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

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	1985			1984	
	Earnings (losses) per consolidated Crown corporations' financial statements	<i>Accounting Policy Adjustments²</i>		Net earnings (losses) for the year	Net earnings (losses) for the year
		Fixed assets	Other		
	\$	\$	\$	\$	\$
Crown Service Corporations					
British Columbia Buildings Corporation.....	4,404,000	12,527,000	(3,546,000)	13,385,000	(33,723,000)
British Columbia Systems Corporation.....	(1,427,000)	(3,159,000)	416,000	(4,170,000)	1,382,000
	<u>2,977,000</u>	<u>9,368,000</u>	<u>(3,130,000)</u>	<u>9,215,000</u>	<u>(32,341,000)</u>
Provincial Corporations and Agencies					
British Columbia Food Exhibitions Ltd.....	(2,505)		25,000	22,495	
British Columbia Health Care Research Foundation.....	(205,383)		(127,296)	(332,679)	(265,262)
British Columbia Heritage Trust.....	(75,703)	(129,278)		(204,981)	(257,678)
British Columbia Housing Management Commission.....	347,160	(191,054)		156,106	(828,870)
British Columbia Pavilion Corporation.....	17,304,619	(102,069)		17,202,550	
British Columbia Petroleum Corporation.....	140,013,142	(46,437)	(140,013,142)	(46,437)	43,326
British Columbia Place Ltd.....	(3,889,000)	(47,099,000)		(50,988,000)	(48,831,000)
Creston Valley Wildlife Management Authority Trust Fund.....	32,760			32,760	19,682
Discovery Foundation.....	(378,017)	(519,405)		(897,422)	(1,227,886)
Expo 86 Corporation.....		(162,596,570)	(15,179,622)	(177,776,192)	(44,341,015)
Health Facilities Association of British Columbia.....	67,375	(3,469,453)		(3,402,078)	(13,862,524)
Knowledge Network of the West Communications Authority.....	(839,445)	42,703		(796,742)	(171,287)
Legal Services Society.....	1,677,918			1,677,918	(945,194)
Medical Services Commission of British Columbia.....					120,126,050
Provincial Capital Commission.....	224,257			224,257	(235,228)
Provincial Rental Housing Corporation.....	1,154,868	(1,027,873)		126,995	1,019,171
Science Council of British Columbia.....	(800,007)			(800,007)	(1,166,708)
Universities Council..... ^{*u}	(58,905)			(58,905)	(89,718)
W.L.C. Developments Ltd.....	4,311,586	(4,140,035)	(6,650,000)	(6,478,449)	(2,191,039)
	<u>158,884,720</u>	<u>(219,278,471)</u>	<u>(161,945,060)</u>	<u>(222,338,811)</u>	<u>6,794,820</u>
Total	<u>161,861,720</u>	<u>(209,910,471)</u>	<u>(165,075,060)</u>	<u>(213,123,811)</u>	<u>(25,546,180)</u>

PROVINCE OF BRITISH COLUMBIA

¹ The British Columbia Educational Institutions Capital Financing Authority, British Columbia Regional Hospital Districts Financing Authority and British Columbia School Districts Capital Financing Authority do not generate any earnings or losses and are, therefore, not shown on this schedule.

² Accounting policy adjustments are made so that the net earnings (losses) of consolidated entities are calculated in accordance with the accounting policies adopted by the Government as described in note 1, Basis of Accounting, page C 11.

**CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF EQUITY IN COMMERCIAL ENTERPRISES
FOR THE FISCAL YEAR ENDED MARCH 31, 1985**

	1985								Total \$
	British Columbia Cellulose Company \$	British Columbia Development Corporation ¹ \$	British Columbia Hydro and Power Authority \$	British Columbia Lottery Corporation \$	Housing Corporation of British Columbia \$	Insurance Corporation of British Columbia ² \$	Ocean Falls Corporation ³ \$	Surrey Farm Products Investments Ltd. \$	
Earnings (losses) for the year before extraordinary items	(1,194,700)	(39,094,759)	3,000,000		352,000	235,000	(2,022,935)		(38,725,394)
Extraordinary items						(5,329,000)	661,724		(4,667,276)
Net earnings (losses) for the year	(1,194,700)	(39,094,759)	3,000,000		352,000	(5,094,000)	(1,361,211)		(43,392,670)
Unremitted earnings (losses)—beginning of year	2,916,578	(20,932,464)	545,000,000		2,545,000	13,472,000	(17,682,750)	(592,163)	524,726,201
Other changes to net equity			(24,000,000) ³					592,163	(23,407,837)
Unremitted earnings (losses)—end of year	1,721,878	(60,027,223)	524,000,000		2,897,000	8,378,000	(19,043,961)		457,925,694
Equity contributed and transferred			(5,200,000) ⁴		1,902,000		16,084,405		12,786,405
Unremitted equity—end of year	1,721,878	(60,027,223)	518,800,000		4,799,000	8,378,000	(2,959,556)		470,712,099
Recorded by the Government:									
Shares and other investments	2	54,618,300	8,077,086	1	1				62,695,390
Advances		20,850,000		13,282,332					34,132,332
Total Equity	<u>1,721,880</u>	<u>15,441,077</u>	<u>526,877,086</u>	<u>13,282,333</u>	<u>4,799,001</u>	<u>8,378,000</u>	<u>(2,959,556)</u>		<u>567,539,821</u>

¹ The amount shown above for the British Columbia Development Corporation does not include \$27,295,281 of the Government of British Columbia's funds held in trust and administered by the Corporation under the Low Interest Loan Assistance Program (L.I.L.A.).

² The amount shown above for the Insurance Corporation of British Columbia does not include the activities of the Insurance (Motor Vehicle) Act Fund, which operates as a self-sustaining entity; the profit for the year ended December 31, 1984 in this Fund was \$9,862,000.

³ The amount of \$24,000,000 is the result of a change in accounting policy by British Columbia Hydro and Power Authority.

⁴ This amount represents profit on sale of land to British Columbia Place Ltd.

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF EQUITY IN TRANSPORTATION COMPANIES AND COMMERCIAL ENTERPRISES
FOR THE FISCAL YEAR ENDED MARCH 31, 1985¹

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	1985					1984			
	British Columbia Ferry Corporation \$	British Columbia Railway Company \$	British Columbia Steamship Company (1975) Ltd. \$	British Columbia Transit ² \$	Pacific Coach Lines Limited \$	Transportation Companies Total \$	Commercial Enterprises (page C 27) \$	Transportation Companies and Commercial Enterprises Total \$	Transportation Companies and Commercial Enterprises Total \$
Earnings (losses) for the year before									
Provincial grants	(45,012,000)	6,650,000	(504,847)	(73,310,000)	(155,076)	(112,331,923)	(38,725,394)	(151,057,317)	(134,102,393)
Provincial grants	43,000,000	27,692,000		65,384,000		136,076,000		136,076,000	180,060,412
Earnings (losses) for the year before									
extraordinary items	(2,012,000)	34,342,000	(504,847)	(7,926,000)	(155,076)	23,744,077	(38,725,394)	(14,981,317)	45,958,019
Extraordinary items					79,004	79,004	(4,667,276)	(4,588,272)	(8,498,500)
Net earnings (losses) for the year	(2,012,000)	34,342,000	(504,847)	(7,926,000)	(76,072)	23,823,081	(43,392,670)	(19,569,589)	37,459,519
Unremitted earnings (losses)—begin-									
ning of year	(13,708,000)	(274,139,000)	(8,750,548)	(8,802,000)	(4,873,754)	(310,273,302)	524,726,201	214,452,899	163,998,860
Transfers from (to) Government									12,994,520 ⁵
Other changes to net equity		239,797,000 ³			(1,507,809)	238,289,191	(23,407,837)	214,881,354	
Unremitted earnings (losses)—end of									
year	(15,720,000)		(9,255,395)	(16,728,000)	(6,457,635)	(48,161,030)	457,925,694	409,764,664	214,452,899
Equity contributed and transferred		562,089,000 ⁴	9,687,725		2,491,366	574,268,091	12,786,405	587,054,496	397,723,496 ⁶
Unremitted equity—end of year ⁵	(15,720,000)	562,089,000	432,330	(16,728,000)	(3,966,269)	526,107,061	470,712,099	996,819,160	612,176,395
Recorded by the Government:									
Shares and other investments	6,851,185	37,350,601	5		2	44,201,793	62,695,390	106,897,183	106,893,692
Advances				55,000,000		55,000,000	34,132,332	89,132,332	75,920,000
Total Equity	(8,868,815)	599,439,601	432,335	38,272,000	(3,966,267)	625,308,854	567,539,821	1,192,848,675	794,990,087

PROVINCE OF BRITISH COLUMBIA

¹ This schedule should be read in conjunction with note 9 to the Consolidated Financial Statements.

² The Metro Transit Operating Company collects and remits all operating revenues to British Columbia Transit and is reimbursed by British Columbia Transit for its gross operating expenditures.

³ This amount is comprised of \$242,841,000 of accumulated deficit which was consolidated with contributed surplus and \$3,044,000 of share issue costs less deferred income taxes.

⁴ This amount does not include an extraordinary gain of \$179,200,000 resulting from the defeasance of British Columbia Railway Company's historic debt.

⁵ The net increase in unremitted equity from \$612,176,395 in 1983/84 to \$996,819,160 in 1984/85 of \$384,642,765 is comprised of the net increase in unremitted earnings of \$195,311,765 and the net increase in equity contributed and transferred of \$189,331,000. (Refer to C 9).

⁶ These figures reflect the reclassification of (\$23,234,000) in British Columbia Harbours Board to Transfers to Government.

**CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF GUARANTEED DEBT AS AT MARCH 31, 1985**

Debt of municipalities and other local governments, Crown corporations and private enterprises explicitly guaranteed by the Province and Crown corporations under the authority of a statute as to net principal and accrued interest outstanding.

	1985		1984	
	Gross Outstanding ¹	Sinking Funds ²	Net Outstanding	Net Outstanding
	\$	\$	\$	\$
Municipalities and other local governments—				
(1) Guarantees authorized pursuant to the <i>Municipalities Assistance Act</i> , sec. 3 (serials)	4,193,377		4,193,377	8,795,003
(2) Guarantees authorized pursuant to the <i>Municipal Act</i> , sec. 854, debentures (principally serials)	24,808,390	10,019,346	14,789,044	16,233,141
(3) Greater Vancouver Sewerage and Drainage District debentures (some serials)	10,149,355	10,149,355		
Subtotal, municipalities and other local governments	39,151,122	20,168,701	18,982,421	25,028,144
Health and education—				
(4) Guarantees authorized pursuant to the <i>Educational Institutions Capital Finance Act</i> , sec. 9—				
Debentures—funded ^{1,3}				385,278,841
(5) Guarantees authorized pursuant to the <i>Financial Administration Act</i> , sec. 56—				
Student Aid Loans	9,955,185		9,955,185	
Riverview Hospital Volunteer Association	15,000		15,000	
(6) Guarantees authorized pursuant to the <i>Hospital District Finance Act</i> , sec. 9—				
Debentures—funded ^{1,3}				741,792,821
(7) Guarantees authorized pursuant to the <i>School District Capital Finance Act</i> , sec. 9 ^{1,3} —				
Debentures—funded				992,387,067
— unfunded				4,245,316
Subtotal, health and education	9,970,185		9,970,185	2,123,704,045
Economic development—				
(8) Guarantees authorized pursuant to the <i>Agricultural Credit Act</i> , sec. 3	2,956,801		2,956,801	3,494,510
(9) Guarantees authorized pursuant to the <i>British Columbia Cellulose Company Act</i> , sec. 8 ¹	4,847,911		4,847,911	9,053,926
(10) Guarantees authorized pursuant to the <i>British Columbia Railway Finance Act</i> , sec. 10 ¹ —				
Bonds and debentures—funded	767,564,796	767,564,796		619,442,096
Notes—unfunded				370,205,813
Capital leases	26,322,983		26,322,983	26,759,497
1st preferred shares—BC Rail Ltd.	200,000,000		200,000,000	
(11) Guarantees authorized pursuant to the <i>British Columbia Transit Act</i> , sec. 22 ¹ —				
Bonds and debentures	78,827,073	1,802,986	77,024,087	78,423,127
Notes	100,702,055		100,702,055	101,228,767
Capital leases	94,368,552		94,368,552	60,533,101
(12) Guarantees authorized pursuant to the <i>Development Corporation Act</i> , sec. 15 ¹ —				
Bonds	263,463,385			
Less: held by the British Columbia Housing and Employment Development Financing Authority	(180,838,626)			
Notes	82,624,759		82,624,759	81,439,781
(13) Guarantees authorized pursuant to the <i>Farm Product Industry Act</i> , sec. 2	86,430,632		86,430,632	62,229,003
Notes	1,046,557		1,046,557	3,807,820

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE OF GUARANTEED DEBT AS AT MARCH 31, 1985 — Continued

C 30

	1985		1984	
	Gross Outstanding ¹	Sinking Funds ²	Net Outstanding	Net Outstanding
(14) Guarantees authorized pursuant to the <i>Ferry Corporation Act</i> , sec. 18 ¹ —				
Notes—unfunded	28,688,685		28,688,685	28,688,685
Notes—funded	14,870,340	344,900	14,525,440	14,870,340
(15) Indemnities authorized pursuant to the <i>Financial Administration Act</i> , sec. 56— The Terry Fox Medical Research Foundation, 272317 B.C. Ltd. and Pacific Isotopes and Pharmaceuticals Ltd.	8,000,000		8,000,000	
(16) Guarantees authorized pursuant to the <i>Harbour Board Act</i> , secs. 18 and 30.1 ¹				6,607,660
(17) Guarantees authorized pursuant to the <i>Housing and Employment Development Financing Act</i> , secs. 5 and 6 ¹ —				
Bonds and debentures	179,684,411		179,684,411	189,348,698
(18) Guarantees authorized pursuant to the <i>Ministry of Transportation and Highways Act</i> , sec. 66, re: British Columbia Steamship Company (1975) Ltd. ¹	4,937,621		4,937,621	4,782,119
Subtotal, economic development	<u>1,681,873,176</u>	<u>769,712,682</u>	<u>912,160,494</u>	<u>1,660,914,943</u>
Utilities —				
(19) Guarantees authorized pursuant to the <i>Hydro and Power Authority Act</i> , sec. 44 ¹ —				
Bonds and debentures—funded	9,464,998,488	900,156,038	8,564,842,450	8,335,783,505
Subtotal, utilities	<u>9,464,998,488</u>	<u>900,156,038</u>	<u>8,564,842,450</u>	<u>8,335,783,505</u>
Grand total, all guaranteed debt	11,195,992,971	1,690,037,421	9,505,955,550	12,145,430,637
Less: Amounts included above held as investments within the Consolidated Entity	118,516,612	51,414,645	67,101,967	69,652,847
Net total, all guaranteed debt	<u>11,077,476,359</u>	<u>1,638,622,776</u>	<u>9,438,853,583</u>	<u>12,075,777,790</u>

¹ See Section G of the Public Accounts for details of maturity dates, interest rates, and redemption features of the outstanding debt of these Crown agencies.

² Gross outstanding debt at March 31, 1985 includes accrued interest of \$378.2 million. Debt payable in United States currency is recorded in Canadian dollars at the rate of exchange prevailing at March 31, 1985.

Sinking funds consist of cash, investments and accrued interest. For the purposes of this schedule, investments are reported at amortized cost, with the following exceptions: For item (3), the actual sinking fund balance exceeds the gross outstanding debt and is therefore shown at an amount equal to the debt. Investments held by the British Columbia Railway Company sinking funds (item 10) are reported at a par value of \$751 million. These investments have a par value, interest rate and maturity date identical to the debt they are funding, and so constitute a complete offset against the debt. By reporting these investments at par, the related net outstanding debt is reported at nil.

The market value of sinking fund investments at March 31, 1985 was \$1.5 billion (1984: \$1.5 billion), however, these are not considered to be temporary investments. These investments are generally held until maturity, at which time the par value is realized. Certified investments must be held in trust until maturity.

As a result of Government financing policies \$3.1 billion of the guaranteed debt is held in investment accounts included in these financial statements and in other Provincial public sector superannuation and pension funds. Canada Pension Plan funds made available to the Government (\$1.3 billion) are redeemable by the Federal Minister of Finance, subject to six months notice and certain other restrictions.

Between the year end and August 15, 1985 there have been redemptions net of additional debt issues guaranteed by the Province of \$63 million Canadian and \$107 million U.S.

³ The Health and Education Financing Authorities are now fully consolidated, and as their debt now forms part of the direct debt of the consolidated entity it has been eliminated from this listing of contingent liability. In accordance with the stated presentation of the consolidated statements, no adjustment has been made to last year's figures to reflect the effect of the accounting policy change on those totals.

TRUST FUNDS**PREAMBLE**

Trust Funds as defined in accordance with the *Financial Administration Act* (S.B.C. 1981, chap. 15) are comprised of money held in trust by the Government or a public officer; and pension funds, sinking funds maintained by the Government, money received for another person and money paid to the Government as a deposit to ensure the doing of any act or thing. The Government has no power of appropriation over these funds.



Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR GENERAL'S REPORT

*To the Legislative Assembly
of the Province of British Columbia
Parliament Buildings
Victoria, British Columbia*

I have examined the statement of financial position of the Trust Funds of the Government of the Province of British Columbia as at 31 March 1985, and the statement of changes in trust balances for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances. I have received all the information and explanations I have required.

I report in accordance with section 7 of the *Auditor General Act*. In my opinion, these financial statements present fairly the financial position of the Trust Funds of the Government of the Province of British Columbia as at 31 March 1985 and the changes in trust balances for the year then ended in accordance with the stated accounting policies as set out in Note 1 to these financial statements applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Erma Morrison".

ERMA MORRISON, F.C.A.
Auditor General

*Victoria, British Columbia
31 August 1985*

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 1985

Actively Managed:	Cash and Temporary Investments \$	Receivables \$	Other Investments ¹ \$	Other Assets \$	Accounts Payable \$	Trust Balances 1985 \$	Trust Balances 1984 \$
Superannuation and Pension Funds							
Public Service Superannuation Fund.....	976,585,822	70,073,462	999,343,913	19,598,971	(2,029,356)	2,063,572,812	1,795,158,370
Municipal Superannuation Fund.....	788,063,958	65,785,558	1,201,973,850	20,110,910	(1,142,864)	2,074,791,412	1,782,887,646
Teachers' Pensions Fund.....	601,559,542	47,483,667	925,558,191	16,549,939	(603,527)	1,590,547,812	1,365,771,496
College Pension Fund.....	91,113,996	4,295,963	37,388,843	577,835	(65,527)	133,311,110	111,317,136
British Columbia Hydro and Power Authority Pension Fund.....	173,021,467	13,863,173	305,587,709	86,570	(411,829)	492,147,090	431,229,016
British Columbia Power Commission Superannuation Fund.....	6,718,450	588,536	21,544,921	304,318	(60,970)	29,095,255	28,219,103
BC Rail Ltd. (formerly British Columbia Railway Company) Pension Fund.....	49,833,312	3,506,587	69,670,561	496,734	(368,988)	123,138,206	104,792,749
Members of the Legislative Assembly Superannuation Account.....	2,219,093	103,379	1,101,031		(119,740)	3,303,763	3,207,456
Workers' Compensation Board Superannuation Fund....	5,692,427	2,558,875	56,180,430	843,269	(26,128)	65,248,873	54,882,880
Total Superannuation and Pension Funds.....	<u>2,694,808,067</u>	<u>208,259,200</u>	<u>3,618,349,449</u>	<u>58,568,546²</u>	<u>(4,828,929)</u>	<u>6,575,156,333</u>	<u>5,677,465,852</u>
Sinking Funds							
British Columbia Buildings Corporation.....	28,311,536	776,460	552,218		(8,048)	29,632,166	21,863,088
British Columbia Educational Institutions Capital Financing Authority.....	33,391,058	829,039	1,000,000		(8,940)	35,211,157	22,536,010
British Columbia Hydro and Power Authority.....	385,587,996	17,161,363	497,485,826		(79,146)	900,156,039	725,380,997
British Columbia Railway Company.....		16,779,505	563,285,474			580,064,979	155,548,516
British Columbia Regional Hospital Districts Financing Authority.....	123,109,383	5,001,111	98,730,253		(39,587)	226,801,160	197,470,835
British Columbia School Districts Capital Financing Authority.....	146,620,681	10,142,901	259,525,538		(60,908)	416,228,212	463,884,276
Greater Vancouver Sewerage and Drainage District.....	13,068,725	644,265	12,065,950		(7,339)	25,771,601	23,275,394
Province of British Columbia.....	8,353,319	244,900				8,598,219	
Province of British Columbia — Fiscal Agency Borrowings.....	2,402,083	79,887				2,481,970	
Other.....	9,135,147	406,235	5,352,919		(5,695)	14,888,606	10,289,932
Total Sinking Funds.....	<u>749,979,928</u>	<u>52,065,666</u>	<u>1,437,998,178</u>		<u>(209,663)</u>	<u>2,239,834,109</u>	<u>1,620,249,048</u>

Other Managed Trust Funds									
British Columbia Buildings Corporation Trust	5,000,957	4,234			(575)	5,004,616	5,015,599		
British Columbia Development Corporation Trust	130,246,015	3,231,186			(25,058)	133,452,143	141,192,665		
British Columbia Ferry Corporation Trust	19,625,457	32,717			(6,622)	19,651,552	3,995,096		
British Columbia Housing and Employment Development Financing Authority Trust	213,691	9,843				223,534	5,999,774		
British Columbia Hydro and Power Authority Trust	84,898,300	688,893			(9,626)	85,577,567	194,495,664		
B.C. Pavilion Corporation Trust	14,008,266	1,487,158			(5,400)	15,490,024			
British Columbia Railway Company Trust	18,067	1,386				19,453	2,772,397		
British Columbia Regional Hospital Districts Financing Authority Trust		376,315	14,177,267				14,553,582		
British Columbia School Districts Capital Financing Authority Trust	(1)	3,918,609	178,187,618				182,106,226	67,246,415	
British Columbia Transit Trust	15,463,005	131,405			(8,526)	15,585,884	62,346,473		
Health Facilities Association of British Columbia Trust	2,298,903				(116,356)	2,182,547	13,202,298		
Public Service Long Term Disability Plan	34,238,425	1,180,189	1,987,521		(842,299)	36,563,836	32,759,171		
Crown Corporations Long Term Disability Plan	5,880,637	327,838	346,348		(120,808)	6,434,015	6,006,459		
Travel Industry Development Subsidiary Agreement	61,100	3,010,638			(61,100)	3,010,638	3,729,275		
University of Victoria Engineering Complex Capital Account	11,489,527				(363,604)	11,125,923	16,000,000		
Other	5,742,988	135,172			(5,797)	5,872,363	7,804,121		
Total Other Managed Trust Funds	329,185,337	14,535,583	194,698,754		(1,565,771)	536,853,903	562,565,407		
Custodial Deposits:									
Held Under the Jurisdiction of:									
Public Trustee and Official Administrators	148,401,229	4,588,679	32,414,500	40,040,821 ³	(2,938,493)	222,506,736	181,646,213		
Crop Insurance Fund	1,183,944	1,255,823			(5,100,000)	(2,660,233)	393,253		
Land Registry Assurance Fund	489,631	25,260	690,955			1,205,846	1,108,238		
Supreme and County Court Rules (Suitor's Funds)	46,690,702		18,726,343			65,417,045	60,890,822		
Workers' Compensation Board	1,035,106,438	44,431,162	843,280,033		(92,104)	1,922,725,529	1,610,940,695		
Other Acts and Miscellaneous Deposits	28,636,596		13,816,334			42,452,930	45,673,486		
Total Custodial Deposits	1,260,508,540	50,300,924	908,928,165	40,040,821	(8,130,597)	2,251,647,853	1,900,652,707		
Total Trust Funds	5,034,481,872	325,161,373	6,159,974,546	98,609,367	(14,734,960)	11,603,492,198	9,760,933,014		

¹ Comprised mainly of long term, fixed interest investments.

² Consist of deferred losses less gains on sale of investments.

³ Comprised mainly of real property.

The accompanying notes and supplementary schedule are an integral part of these financial statements.

Approved on behalf of the Ministry of Finance:



D. L. EMERSON
Deputy Minister of Finance and Secretary of Treasury Board



D. B. MARSON
Comptroller General

TRUST FUNDS
STATEMENT OF CHANGES IN TRUST BALANCES FOR THE YEAR ENDED MARCH 31, 1985

Actively Managed:	Contributions and Transfers In \$	Investment Income \$	Pension Payments and Transfers Out \$	Administration Fees and Other \$	Net Change \$	Trust Balances 1985 \$	Trust Balances 1984 \$
Superannuation and Pension Funds							
Public Service Superannuation Fund	177,862,366	205,667,930	(113,172,673)	(1,943,181)	268,414,442	2,063,572,812	1,795,158,370
Municipal Superannuation Fund	208,246,061	197,840,505	(110,913,584)	(3,269,216)	291,903,766	2,074,791,412	1,782,887,646
Teachers' Pensions Fund	164,039,748	155,193,150	(93,103,621)	(1,352,961)	224,776,316	1,590,547,812	1,365,771,496
College Pension Fund	12,742,512	12,481,315	(3,057,886)	(171,967)	21,993,974	133,311,110	111,317,136
British Columbia Hydro and Power Authority Pension Fund	40,456,048	49,873,425	(29,078,962)	(332,437)	60,918,074	492,147,090	431,229,016
British Columbia Power Commission Superannuation Fund	33,570	2,472,145	(1,608,387)	(21,176)	876,152	29,095,255	28,219,103
BC Rail Ltd. (formerly British Columbia Railway Company) Pension Fund	9,021,102	11,897,479	(2,493,760)	(79,364)	18,345,457	123,138,206	104,792,749
Members of the Legislative Assembly Superannuation Account	416,245	329,590	(649,528)		96,307	3,303,763	3,207,456
Workers' Compensation Board Superannuation Fund	7,474,948	6,650,051	(3,759,006)		10,365,993	65,248,873	54,882,880
Total Superannuation and Pension Funds	620,292,600	642,405,590	(357,837,407)	(7,170,302)	897,690,481	6,575,156,333	5,677,465,852
Sinking Funds							
	Instalments \$	Investment Income \$	Capital Disbursements \$	Other Costs and Administration \$	Net Change \$	Trust Balances 1985 \$	Trust Balances 1984 \$
British Columbia Buildings Corporation	4,858,242	2,918,884		(8,048)	7,769,078	29,632,166	21,863,088
British Columbia Educational Institutions Capital Financing Authority	9,374,114	3,333,674	6,498	(39,139)	12,675,147	35,211,157	22,536,010
British Columbia Hydro and Power Authority	91,434,924	99,054,418	(15,635,154)	(79,146)	174,775,042	900,156,039	725,380,997
British Columbia Railway Company	433,406,298	58,053,734	(66,923,986)	(19,583)	424,516,463	580,064,979	155,548,516
British Columbia Regional Hospital Districts Financing Authority	24,833,530	23,865,588	(19,184,910)	(183,883)	29,330,325	226,801,160	197,470,835
British Columbia School Districts Capital Financing Authority	37,209,157	50,966,657	(135,593,141)	(238,737)	(47,656,064)	416,228,212	463,884,276
Greater Vancouver Sewerage and Drainage District	1,230,721	2,753,515	(1,452,278)	(35,751)	2,496,207	25,771,601	23,275,394
Province of British Columbia	8,194,500	403,719			8,598,219	8,598,219	
Province of British Columbia — Fiscal Agency Borrowings	2,401,920	80,050			2,481,970	2,481,970	
Other	3,185,479	1,429,005	3,540	(19,350)	4,598,674	14,888,606	10,289,932
Total Sinking Funds	616,128,885	242,859,244	(238,779,431)	(623,637)	619,585,061	2,239,834,109	1,620,249,048

	Capital Receipts \$	Investment Income \$	Capital Disbursements \$	Other Costs and Administration \$	Net Change \$	Trust Balances 1985 \$	Trust Balances 1984 \$
Other Managed Trust Funds							
British Columbia Buildings Corporation Trust.....	851,789,705	144,380	(851,944,493)	(575)	(10,983)	5,004,616	5,015,599
British Columbia Development Corporation Trust.....	179,873,211	15,091,543	(202,573,585)	(131,691)	(7,740,522)	133,452,143	141,192,665
British Columbia Ferry Corporation Trust	49,250,000	1,415,136	(35,002,058)	(6,622)	15,656,456	19,651,552	3,995,096
British Columbia Housing and Employment Development Financing Authority Trust.....	21,618,695	127,251	(27,522,186)		(5,776,240) *	223,534	5,999,774
British Columbia Hydro and Power Authority Trust.....	1,340,251,249	24,859,849	(1,474,019,569)	(9,626)	(108,918,097)	85,577,567	194,495,664
B. C. Pavilion Corporation Trust	18,500,000	1,902,347	(4,906,923)	(5,400)	15,490,024	15,490,024	
British Columbia Railway Company Trust.....	1,830,769,608	180,405	(1,833,702,957)		(2,752,944)	19,453	2,772,397
British Columbia Regional Hospital Districts Financing Authority Trust.....	14,010,453	1,110,711	(567,582)		14,553,582	14,553,582	
British Columbia School Districts Capital Financing Authority Trust.....	103,234,658	20,065,249	(8,440,096)		114,859,811	182,106,226	67,246,415
British Columbia Transit Trust.....	514,008,635	6,655,286	(567,415,984)	(8,526)	(46,760,589)	15,585,884	62,346,473
Health Facilities Association of British Columbia Trust..	3,032,443	(372,501)	(13,679,693)		(11,019,751)	2,182,547	13,202,298
Public Service Long Term Disability Plan	9,516,384	3,804,666	(8,553,963)	(962,422)	3,804,665	36,563,836	32,759,171
Crown Corporations Long Term Disability Plan.....	1,030,719	716,110	(1,198,314)	(120,959)	427,556	6,434,015	6,006,459
Travel Industry Development Subsidiary Agreement	347,000	217,765	(298,653)	(984,749)	(718,637)	3,010,638	3,729,275
University of Victoria Engineering Complex Capital Account.....			(4,874,077)		(4,874,077)	11,125,923	16,000,000
Other	1,254,656,172	1,644,769	(1,258,217,784)	(14,915)	(1,931,758)	5,872,363	7,804,121
Total Other Managed Trust Funds.....	6,191,888,932	77,562,966	(6,292,917,917)	(2,245,485)	(25,711,504)	536,853,903	562,565,407

The accompanying notes and supplementary schedule are an integral part of these financial statements.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1985

1. Significant Accounting Policies

A. REPORTING ENTITY

Trust Funds include amounts held and administered in trust; the Government has no power of appropriation over these funds. Two types of funds exist: actively managed funds and custodial deposits. The actively managed funds require the Minister of Finance to perform at least one of the following functions—set investment policy; control the collection of contributions, instalments and other receipts; disburse payments; and perform other administrative and miscellaneous functions related to the funds. The Minister's involvement with custodial deposits is merely to hold assets according to conditions set by agreements or statutes.

Actively managed funds include superannuation and pension funds, sinking funds and other managed trust funds. Custodial deposits include: funds held by the Public Trustee and Official Administrators, funds held under the Supreme and County Court Rules, funds held for the Workers' Compensation Board, funds held under other Acts and Miscellaneous Deposits. Each is more fully described below.

(a) *Superannuation and Pension Funds*

The Government administers and is responsible for collection of employee contributions to certain superannuation and pension plans in accordance with the following acts and regulations:

Pension (Public Service) Act

Pension (Municipal) Act

Pension (Teachers) Act

Pension (College) Act

Legislative Assembly Allowances and Pension Act

British Columbia Hydro and Power Authority Pension Fund Regulations

British Columbia Power Commission Superannuation Fund Regulations

BC Rail Ltd. Pension Fund Plan (formerly British Columbia Railway Company Pension Fund Rules and Regulations)

Workers' Compensation Board Superannuation Fund Plan

The Government is responsible for the employer contributions and has statutory responsibilities with respect to unfunded liabilities under the *Pension (Public Service) Act*, the *Pension (Teachers) Act* and the *Legislative Assembly Allowances and Pension Act*. The Government has no statutory responsibilities with respect to unfunded liabilities under the other acts and regulations noted above.

(b) *Sinking Funds*

The Minister of Finance holds in trust and manages sinking funds on behalf of various Crown corporations and public bodies. The Minister also establishes sinking funds for the Province's borrowings under the provisions of the *Financial Administration Act* (S.B.C. 1981, chap. 15). Instalments are received on a periodic basis from the Crown corporations and are invested by the Minister of Finance in his capacity as Trustee. The accumulated instalments, together with interest earned, less administrative costs, constitute the sinking funds. The purpose of these sinking funds is to provide for an orderly retirement of debts at maturity.

(c) *Other Managed Trust Funds*

These are funds of various Crown corporations and public bodies deposited with the Government for investment and administration. They include amounts such as working capital surplus to their immediate needs, funds for capital transactions and long term disability funds.

(d) *Custodial Deposits*

(i) Public Trustee and Official Administrators

Trust officers are responsible for the recording, managing and reporting aspects of the accounts maintained under the *Infants Act*, *Patients Property Act*, *Estate Administration Act*, *Public Trustee Act* and *Trustee Act*. These officers ensure that funds received for payments on mortgages, receivables, property rentals and investments are managed within the requirements of the acts. The management of each account's disbursements for liabilities, maintenance costs and benefits along with the process of consolidating and closing of accounts is also done in accordance with the requirements of the acts.

(ii) Supreme and County Court Rules (Suitors' Funds)

As trustee of all Supreme and County Court accounts—which include such items as garnishees, infants' settlements and court awards—the Minister of Finance records and reports the

**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

A. REPORTING ENTITY—Continued

financial transactions in each area of these suitors' funds according to the instructions given by the courts.

(iii) *Workers' Compensation Board*

The Minister of Finance acts only in an accounting and custodial capacity in the administration of the Workers' Compensation Board Trust Fund. The Minister is informed of what investments have been purchased or sold and arranges for the settlement of the transactions and the delivery of securities. All securities are under joint registry of the Workers' Compensation Board and the Minister of Finance.

(iv) *Other Acts and Miscellaneous Deposits*

Other acts and miscellaneous deposits include funds or securities lodged with the Minister of Finance to meet conditions set out in the statutes such as the *Forest Act*, *Mines Act*, *Insurance Act* or *Trust Company Act*. The Minister's function is only of a custodial nature, one in which the assets are held in safekeeping and the accounting records maintained.

B. BASIS OF ACCOUNTING

These financial statements are prepared on an accrual basis, except where noted.

(a) *Temporary investments include deposits with chartered banks and other approved institutions. They are carried at cost of acquisition.*

(b) *Superannuation and Pension Funds*

(i) These financial statements show only the position of the funds as at March 31, 1985 and the changes in the fund balances for the year then ended and do not purport to show the adequacy of the funds to meet the obligations of the superannuation and pension plans.

(ii) The long-term investments are carried at cost of acquisition adjusted as follows:

- premiums and discounts on single maturity bonds are amortized on a straight line basis over the terms of the bonds,
- premiums and discounts on serial bonds are recognized as income when redemptions occur,
- shares are carried at cost adjusted annually by 7 per cent of the difference between cost or adjusted cost and market value,
- gains and losses on disposition of long-term bonds are deferred and amortized on a straight line basis over the lesser of the remaining terms of the bonds sold or twenty years. The amortization is included in income from investments.

(c) *Sinking Funds and Other Managed Trust Funds*

Long-term investments are carried at amortized cost, with premiums and discounts being amortized on a straight line basis over the terms of the investments acquired.

(d) *Public Trustee*

Because of the nature of the activities of the Public Trustee in managing assets under various acts, and the need to promptly record these assets at the time of their receipt, various valuation methods are employed to provide for values which either approximate net realizable value at the commencement date of the trusteeship, or are at a nominal value.

(e) *Workers' Compensation Board*

Long-term investments are carried at amortized cost, with premiums and discounts being amortized on a straight line basis over the terms of the investments acquired.

(f) *Other Acts and Miscellaneous Deposits*

- (i) Other custodial deposits are reported on a cash basis. Income earned on security deposits is received directly by the depositors and is not reflected in these financial statements.
- (ii) Securities held are reported at par value.

**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1985—Continued**

1. Significant Accounting Policies—Continued

B. BASIS OF ACCOUNTING—Continued

(g) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year-end and foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts which specify the rate of exchange. Adjustments to revenue or expenditure transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise.

A change in accounting policy approved by Treasury Board in August 1985 and applied to both the combined and consolidated financial statements has not yet been implemented in these statements due to the necessity of providing prior notice to the entities on whose behalf funds are held. The change, relating to the manner of reporting unrealized foreign currency gains and losses, will be effected in the 1985/86 fiscal year.

2. Comparatives

Certain of the comparative figures for the year ended March 31, 1984 have been reclassified to conform with the current year's presentation. These reclassifications have had no effect on the operating results or fund balances as previously reported.

TRUST FUNDS
SCHEDULE OF INVESTMENT PORTFOLIO
PURSUANT TO SECTION 36 (8) OF THE
FINANCIAL ADMINISTRATION ACT, 1981
AS AT MARCH 31, 1985

	1985			1984
	Temporary Investments	Long-Term Investments	Total	Total
	\$	\$	\$	\$
Obligations of or guaranteed by Canada	1,969,860,334	1,079,788,580	3,049,648,914	2,475,764,330
Obligations of or guaranteed by a Province	439,071,200	4,835,162,341	5,274,233,541	4,268,306,035
Obligations of or guaranteed by a savings institution	2,410,065,599	51,745,084	2,461,810,683	2,284,307,767
Securities issued by the Municipal Finance Authority of British Columbia		129,259,377	129,259,377	141,849,876
Commercial paper issued by a corporation incorporated under the laws of Canada or of a Province	7,266,429		7,266,429	
Fully paid common shares of a corporation incorporated under the laws of Canada or of a Province		17,788,330	17,788,330	16,440,706
Total	<u>4,826,263,562</u>	<u>6,113,743,712</u>	<u>10,940,007,274</u>	<u>9,186,668,714¹</u>
Held as follows:				
Superannuation and pension funds	2,695,037,497	3,618,349,449	6,313,386,946	5,461,636,190 ¹
Sinking funds	746,771,792	1,437,998,178	2,184,769,970	1,578,240,310
Other managed trust funds	330,702,769	194,698,754	525,401,523	549,670,058
Custodial deposits	1,053,751,504	862,697,331	1,916,448,835	1,597,122,156
Total	<u>4,826,263,562</u>	<u>6,113,743,712</u>	<u>10,940,007,274</u>	<u>9,186,668,714</u>
Reconciliation with Statement of Financial Position—				
Total Trust Funds cash and investments	5,034,481,872	6,159,974,546	11,194,456,418	9,452,102,170
Cash and other investments held as follows:				
Superannuation and pension funds	229,430		229,430	(14,861,948)
Sinking funds	(3,208,136)		(3,208,136)	(3,155,933)
Other managed trust funds	1,517,432		1,517,432	8,257,815
Custodial deposits	(206,757,036)	(46,230,834)	(252,987,870)	(255,673,390)
Total	<u>4,826,263,562</u>	<u>6,113,743,712</u>	<u>10,940,007,274</u>	<u>9,186,668,714</u>

¹ In 1984 deferred gains and losses, totalling \$18,296,582, on sale of investments were included in this schedule. 1985 deferred gains and losses are treated as Other Assets, and are therefore not included in this schedule.