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*Summary Financial Statements*

*Province of British Columbia*

*For the Fiscal Year Ended*  
*March 31, 2010*





## ***Statement of Responsibility for the Summary Financial Statements of the Government of the Province of British Columbia***

Responsibility for the integrity and objectivity of the Summary Financial Statements for the Government of the Province of British Columbia rests with the government. The Comptroller General prepares these financial statements in accordance with generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The fiscal year of the government is from April 1 to March 31 of the following year.

To fulfill its accounting and reporting responsibilities, the government maintains financial management and internal control systems. These systems give due consideration to costs, benefits and risks, and are designed to provide reasonable assurance that transactions are properly authorized by the Legislative Assembly, are executed in accordance with prescribed regulations and are properly recorded. This is done to maintain accountability of public money and safeguard the assets and properties of the Province of British Columbia under government administration. The Comptroller General of British Columbia maintains the accounts of British Columbia, a centralized record of the government's financial transactions, and obtains additional information as required from ministries, Crown corporations, agencies, school districts, universities, colleges, institutes and health organizations to meet accounting and reporting requirements.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the Auditor General in that respect are contained in section 11 of the *Auditor General Act*.

Annually, the financial statements are tabled in the legislature as part of the Public Accounts, and are referred to the Select Standing Committee on Public Accounts of the Legislative Assembly. The Select Standing Committee on Public Accounts reports to the Legislative Assembly with the results of its examination and any recommendations it may have with respect to the financial statements and accompanying audit opinions.

Approved on behalf of the Government of the Province of British Columbia:



COLIN HANSEN

Chair, Treasury Board





# Report of the Auditor General of British Columbia

## ON THE SUMMARY FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

*To the Legislative Assembly  
of the Province of British Columbia:*

I have audited the summary financial statements of the Government of the Province of British Columbia consisting of the consolidated statement of financial position as at March 31, 2010, and the consolidated statements of operations, change in net liabilities, and cash flow for the year then ended. These financial statements are the responsibility of the government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the government, as well as evaluating the overall financial statement presentation.

### **Reservations: Departures from Canadian Generally Accepted Accounting Principles**

#### *Failure to fully consolidate the Transportation Investment Corporation*

Government has prematurely classified the Transportation Investment Corporation as a government business enterprise, now consolidated in these summary financial statements using the modified equity basis as described in note 1 (c). Under Canadian generally accepted accounting principles, to be classified as a government business entity, an organization must maintain its operations and meet its liabilities from revenues received from outside the government reporting entity. As of March 31, 2010, the Transportation Investment Corporation does not have this characteristic and, therefore, is not properly classified as a government business enterprise. Had this organization been properly classified, it would have been accounted for using the full consolidation method and certain financial statement line items would have changed by a material amount.



Cash and cash equivalents would have increased by \$15 million (2009: \$51 million), equity in self-supported Crown corporations and agencies would have decreased by \$138 million (2009: \$142 million), loans for purchase of assets, recoverable from agencies would have decreased by \$540 million (2009: \$20 million), tangible capital assets would have increased by \$948 million (2009: \$203 million), accounts payable and accrued liabilities would have increased by \$291 million (2009: \$98 million), taxpayer-supported debt would have increased by \$544 million (2009: \$20 million) and self-supported debt would have decreased by \$544 million (2009: \$20 million).

The supporting consolidated summary financial statements by sector and the supporting statements for self-supported Crown corporations and agencies would also be impacted by this inappropriate classification of the Transportation Investment Corporation and by the summary financial statement changes described above.

Had the Transportation Investment Corporation been appropriately classified as a taxpayer-supported Crown corporation, the presentation of contractual obligations in note 25 (d) in these summary financial statements would also differ. Contractual obligations for taxpayer-supported Crown corporations (transportation) would have increased by \$1,993 million (2009: \$2,327 million), and contractual obligations for self-supported Crown corporations (transportation) would have decreased, by \$1,993 million (2009: \$2,327 million).

*Failure to provide for deep-well credits*

No provision has been made in the summary financial statements for deep-well credits cumulatively earned by oil and gas producers as at March 31, 2010 and March 31, 2009. In my opinion, a provision of \$105 million should have been made for credits earned during the year ended March 31, 2010 and a provision of \$104 million should have been made during the year ended March 31, 2009. In this respect the summary financial statements are not in accordance with Canadian generally accepted accounting principles.

Had a provision been made retroactively, accounts payable and accrued liabilities as at March 31, 2010 would have been greater by \$177 million (2009: \$104 million), natural resources and economic development expenses for the year then ended would have been greater by \$105 million (2009: \$104 million), and deficit for the year then ended would have been greater by \$105 million (2009: surplus would have been less by \$104 million).





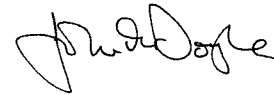
REPORT OF THE AUDITOR GENERAL OF BRITISH COLUMBIA  
ON THE SUMMARY FINANCIAL STATEMENTS  
OF THE GOVERNMENT OF THE  
PROVINCE OF BRITISH COLUMBIA

*Inappropriate netting of oil and natural gas producer royalty credits*

Government is inappropriately recording oil and gas royalty revenues net of credits provided to producers for exploration incentives. In my opinion, this basis of presentation is not in accordance with Canadian generally accepted accounting principles which require that financial statements record and disclose the gross amounts of revenues and expenses. Had oil and gas royalty revenues been recorded and disclosed on a gross basis, natural resources revenues would have been greater by \$444 million (2009: \$599 million), natural resources and economic development expenses would have been greater by \$412 million (2009: \$540 million), opening accumulated surplus would have been less by \$32 million (2009: \$59 million), and deficit for the year then ended would have been less by \$32 million (2009: surplus would have been greater by \$59 million).

**Opinion**

In my opinion, except for the effects of the matters described in the preceding section, these summary financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2010 and the results of its operations, change in net liabilities and cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles.



*Victoria, British Columbia  
June 30, 2010*

John Doyle, MBA, CA  
Auditor General

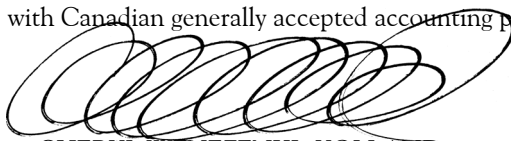


## Summary Financial Statements Consolidated Statement of Financial Position as at March 31, 2010

	Note	In Millions	
		2010	2009
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents.....		2,009	4,107
Temporary investments.....		904	1,119
Warehouse program investments.....			2,081
Accounts receivable.....	3	2,575	2,610
Inventories for resale.....	4	51	57
Due from other governments.....	5	893	473
Due from self-supported Crown corporations and agencies.....	6	208	216
Equity in self-supported Crown corporations and agencies.....	7	7,231	5,728
Loans, advances and mortgages receivable.....	8	1,327	1,189
Other investments.....	9	3,677	2,815
Sinking fund investments.....	10	1,329	2,134
Loans for purchase of assets, recoverable from agencies.....	11	11,471	9,149
		<u>31,675</u>	<u>31,678</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities.....	12	6,068	6,635
Due to other governments.....	13	807	704
Due to Crown corporations, agencies and trust funds.....	14	66	72
Deferred revenue.....	15	9,997	9,431
Employee pension plans.....	16	53	3
Taxpayer-supported debt.....	17	31,169	28,366
Self-supported debt.....	18	11,552	11,330
		<u>59,712</u>	<u>56,541</u>
Net assets (liabilities).....	20	<u>(28,037)</u>	<u>(24,863)</u>
<b>Non-financial Assets</b>			
Tangible capital assets.....	21	32,371	30,655
Prepaid program costs.....	22	559	457
Other assets.....	23	379	323
		<u>33,309</u>	<u>31,435</u>
<b>Accumulated surplus (deficit).....</b>	24	<u><u>5,272</u></u>	<u><u>6,572</u></u>
Measurement uncertainty.....	2		
Contingencies and contractual obligations.....	25		
Restricted assets.....	26		
Significant events.....	31		

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

Prepared in accordance with Canadian generally accepted accounting principles.

  
 CHERYL WENEZENKI-YOLLAND  
 Comptroller General

## Summary Financial Statements

### Consolidated Statement of Operations

#### for the Fiscal Year Ended March 31, 2010

	In Millions		
	2010	2009	
	Estimates (Note 32) \$	Actual \$	Actual \$
<b>Revenue</b>			
Taxation (Note 27).....	17,217	17,102	18,197
Contributions from the federal government.....	7,250	6,917	5,985
Fees and licences.....	4,176	4,119	4,007
Net earnings of self-supported Crown corporations and agencies (Note 7).....	2,892	3,020	2,904
Miscellaneous.....	2,599	2,754	2,585
Natural resources.....	2,577	2,646	3,807
Investment income.....	897	963	817
	<u>37,608</u>	<u>37,521</u>	<u>38,302</u>
<b>Expense (Note 28)</b>			
Health .....	15,911	15,515	15,095
Education .....	10,894	11,060	10,466
Social services.....	3,480	3,365	3,246
Interest .....	2,226	2,169	2,161
Natural resources and economic development.....	2,118	1,986	1,763
Other .....	1,738	1,443	1,662
Protection of persons and property.....	1,534	1,535	1,588
Transportation .....	1,480	1,474	1,422
General government.....	752	753	824
	<u>40,133</u>	<u>39,300</u>	<u>38,227</u>
Surplus (deficit) for the year before unusual items.....	(2,525)	(1,779)	75
Forecast allowance.....	(250)		
<b>Surplus (deficit) for the year.....</b>	<u><u>(2,775)</u></u>	<u><u>(1,779)</u></u>	<u><u>75</u></u>
Accumulated surplus (deficit)—beginning of year as restated (Note 24).....		<u>6,639</u>	<u>6,564</u>
<b>Accumulated surplus (deficit)—before other comprehensive income.....</b>		<u>4,860</u>	<u>6,639</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 93)—end of year.....		<u>412</u>	<u>(67)</u>
<b>Accumulated surplus (deficit)—end of year.....</b>		<u><u>5,272</u></u>	<u><u>6,572</u></u>

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

## Summary Financial Statements

### Consolidated Statement of Change in Net Liabilities for the Fiscal Year Ended March 31, 2010

	In Millions		
	2010		2009
	Estimates	Actual	Actual
	\$	\$	\$
Surplus (deficit) for the year.....	(2,775)	(1,779)	75
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets.....	(4,729)	(3,754)	(3,778)
Amortization of tangible capital assets.....	1,908	1,902	1,760
Disposals and valuation adjustments.....	7	136	101
	<u>(2,814)</u>	<u>(1,716)</u>	<u>(1,917)</u>
Effect of change in:			
Prepaid program costs.....	(77)	(102)	(59)
Other assets.....	23	(56)	9
	<u>(54)</u>	<u>(158)</u>	<u>(50)</u>
Effect of self-supported Crown corporations' and agencies' other comprehensive income.....		479	(432)
(Increase) decrease in net liabilities.....	(5,643)	(3,174)	(2,324)
Net assets (liabilities)—beginning of year.....	(24,540)	(24,863)	(22,539)
<b>Net assets (liabilities)—end of year (Note 20).....</b>	<b><u>(30,183)</u></b>	<b><u>(28,037)</u></b>	<b><u>(24,863)</u></b>

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

## Summary Financial Statements

### Consolidated Statement of Cash Flow

#### for the Fiscal Year Ended March 31, 2010

	In Millions			2009
	2010		Net	
	Receipts	Disbursements	\$	\$
	\$	\$	\$	\$
<b>Operating Transactions</b>				
Surplus (deficit) for the year <sup>1</sup> .....			(1,779)	75
Non-cash items included in surplus (deficit):				
Amortization of tangible capital assets.....			1,902	1,760
Amortization of public debt deferred revenue and deferred charges			16	10
Concessionary loan adjustments (decreases) .....			(1)	(2)
Valuation adjustments.....			159	190
Net earnings of self-supported Crown corporations and agencies..			(3,020)	(2,904)
Temporary investments decreases (increases) .....			215	(104)
Accounts receivable (increases) decreases.....			(90)	146
Due from other governments (increases) decreases .....			(420)	459
Due from self-supported Crown corporations and agencies decreases			8	293
Accounts payable (decreases).....			(567)	(326)
Due to other governments increases (decreases).....			103	(296)
Due to Crown corporations, agencies and trust funds (decreases)....			(6)	(40)
Employee pension plans increases.....			50	1
Items applicable to future operations increases .....			391	2,012
Contributions of self-supported Crown corporations and agencies ...			<u>1,996</u>	<u>1,975</u>
Cash (used for) derived from operations.....			<u>(1,043)</u>	<u>3,249</u>
<b>Capital Transactions</b>				
Tangible capital assets (acquisitions).....	<u>102</u>	<u>(3,754)</u>	<u>(3,652)</u>	<u>(3,730)</u>
Cash (used for) derived from capital.....	<u>102</u>	<u>(3,754)</u>	<u>(3,652)</u>	<u>(3,730)</u>
<b>Investment Transactions</b>				
Investment in self-supported Crown corporations and agencies.....				(100)
Loans, advances and mortgages receivable (issues).....	104	(241)	(137)	(145)
Other investments—net (increases) .....		(862)	(862)	(12)
Sinking fund investments—net decreases .....	<u>896</u>	<u>(91)</u>	<u>805</u>	<u>515</u>
Cash (used for) derived from investments.....	<u>1,000</u>	<u>(1,194)</u>	<u>(194)</u>	<u>258</u>
Sub-total cash (requirements).....			<u>(4,889)</u>	<u>(223)</u>

## Summary Financial Statements

### Consolidated Statement of Cash Flow—Continued for the Fiscal Year Ended March 31, 2010

	In Millions			2009	
	2010		Net		Net
	Receipts	Disbursements			
	\$	\$	\$	\$	
Sub-total cash (requirements) carried forward from previous page...			(4,889)	(223)	
<b>Financing Transactions<sup>2</sup></b>					
Public debt increases.....	26,506	(23,457)	3,049	2,869	
Derived from (used for) Warehouse Borrowing Program investment	(2,397)	4,473	2,076	(2,081)	
(Used for) derived from purchase of assets, recoverable from agencies	(8,907)	6,573	(2,334)	(1,437)	
Cash derived from (used for) financing .....	<u>15,202</u>	<u>(12,411)</u>	2,791	(649)	
(Decrease) in cash and cash equivalents.....			(2,098)	(872)	
Cash and cash equivalents—beginning of year.....			<u>4,107</u>	<u>4,979</u>	
<b>Cash and cash equivalents—end of year .....</b>			<b><u>2,009</u></b>	<b><u>4,107</u></b>	
Cash and cash equivalents are made up of:					
Cash.....			1,421	1,403	
Cash equivalents.....			<u>588</u>	<u>2,704</u>	
			<b><u>2,009</u></b>	<b><u>4,107</u></b>	

<sup>1</sup>Interest received during the year was \$965 million (2009: \$825 million). Interest paid during the year was \$2,193 million (2009: \$2,191 million). Interest received is made up of interest income from the Statement of Operations in the amount of \$963 million (2009: \$817 million) plus the change in accrued interest receivable in the amount of \$2 million (2009: \$8 million). Interest paid is made up of interest expense from the Statement of Operations in the amount of \$2,169 million (2009: \$2,161 million) plus the change in accrued interest payable in the amount of \$24 million (2009: \$30 million).

<sup>2</sup>Financing transaction receipts are from debt issues and disbursements are for debt repayments.

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

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010

### 1. Significant Accounting Policies

#### (a) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with generally accepted accounting principles (GAAP) for senior governments as required by the *Budget Transparency and Accountability Act* (BTAA) and as recommended by the independent Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

#### (b) REPORTING ENTITY

These financial statements include the accounts of organizations that meet the criteria of control (by the province) as established under GAAP. The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 81 – 83. Trusts administered by government or government organizations are excluded from the reporting entity.

#### (c) PRINCIPLES OF CONSOLIDATION

Taxpayer-supported Crown corporations, agencies, and the school districts, universities, colleges, institutes, health organizations (SUCH) and the Consolidated Revenue Fund (CRF) are consolidated using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis.

Self-supported Crown corporations, agencies, entities and government business partnerships are consolidated using the modified equity basis of consolidation.

The definitions of these consolidation methods can be found on page 138.

Adjustments are made for Crown corporations, agencies and entities whose fiscal year ends are different from the government's fiscal year end of March 31. These Crown corporations, agencies and entities consist of the British Columbia Assessment Authority, the Insurance Corporation of British Columbia, the British Columbia Railway Company, and all school districts.

Statistics Canada's Financial Management System for Government Statistics provides the guidance for establishing segment disclosure and function reporting. The Consolidated Statement of Financial Position by Sector and the Consolidated Statement of Operations by Sector are found on pages 84 – 91. These statements include the operations of the consolidated revenue fund, taxpayer-supported Crown corporations and agencies, and SUCH sector organizations. Each taxpayer-supported Crown corporation, agency and SUCH sector organization is assigned to a sector based on its major activity. Sectors are identified using functions. The nature of each function is described in greater detail under Note 1(d) Classification by Sector.

#### (d) SPECIFIC ACCOUNTING POLICIES

##### *Classification by Sector*

The province uses the following sectors: health, education, social services, natural resources and economic development, protection of persons and property, transportation, general government, debt servicing and other.

The health sector includes the provincial health care system. It includes providing medical, hospital and preventive care, and other health-related services such as laboratories and diagnostic facilities.

The education sector includes education services. It includes elementary, secondary, and post-secondary schools. It also includes other education services such as programs to upgrade the skills of individuals and to provide apprenticeship training.



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 1. Significant Accounting Policies—Continued

The social services sector includes outlays that the province made to help disadvantaged individuals and families overcome obstacles and circumstances which threaten their well-being. It includes counselling and rehabilitation services, transfer payments to individuals who are unable to lead a normal life due to a physical or mental disability, and services and goods provided by the province to the elderly.

The natural resources and economic development sector includes the promotion and development of industries, as well as the development and conservation of the natural resources on which these industries depend. It includes regulating the various industrial activities that are carried on in the province, as well as research related to resource conservation.

The protection of persons and property sector includes the protection of persons and property from negligence, abuse and crime. It includes policing, operating and maintaining courts of law and correctional facilities. It also includes negotiations to resolve land, resources, governance and jurisdictional issues with First Nations.

The transportation sector includes the operation and maintenance of transportation systems. This includes highway infrastructure, other road systems and public transit.

The general government sector is composed of three sub-categories. These are general administration, executive and legislature, and other general government services. General administration includes central accounting, budgeting, tax administration and collection, and other centralized administrative services. Executive and legislature includes the political, law enactment and constitutional activities of the province.

The other sector consists of those activities which cannot be otherwise allocated.

#### *Revenue*

All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, as is the case with corporate income tax that is recorded on a cash basis.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted for specific programs such as health transfers.

Tax credits/offsets are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue but are not considered valuation allowances.

#### *Expense*

The cost of all goods consumed and services received during the year is expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, foreign exchange gains and losses, and issue costs.

Pension expense is calculated as the cost of pension benefits earned by employees during the year, interest on the pension benefits liability, net of pension plan assets, and amortization of the government's share of any experience gains or losses, less contributions made by members. The estimated total cost of government's share of plan amendments related to past service is expensed in the year the plan is amended.

Government transfers include grants, entitlements and transfers under agreements, as defined in the definitions on page 139. Government transfers are recognized as expenses in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. Transfers are deferred if the amount represents prepaid operating expenses.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 1. Significant Accounting Policies—Continued

#### *Assets*

Assets are recorded to the extent they represent cash and claims upon outside parties, items held for resale to outside parties, prepaid expenses, deferred charges or tangible capital assets acquired as a result of events and transactions prior to year end.

#### *Financial Assets*

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. These short-term investments generally have a maturity of three months or less and are held for the purpose of meeting short-term cash commitments rather than for investing.

Temporary investments and Warehouse Program investments include short-term investments recorded at the lower of cost or market value. The fair values of short-term investments approximate their carrying values because of the short-term maturity of these instruments. Warehouse Program investments are short-term investments related to specific borrowings in advance of requirements under the Warehouse Borrowing Program.

Inventories for resale include property that has been purchased, or for which development costs have been incurred, and that is held for ultimate resale or lease to outside parties. Inventories for resale are recorded at the lower of cost or net realizable value.

Equity in self-supported Crown corporations and agencies represents the province's investment (including long-term advances) in those self-supported Crown corporations and agencies at cost, increases/decreases in the investees' net assets, and other comprehensive income.

Loans for purchase of assets recoverable from agencies are recorded at maturity value, less unamortized premium or discount, deferred foreign exchange gains or losses and sinking fund balances. Premium/discount is amortized on a constant yield basis.

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over periods ranging up to thirty-five years. Concessionary loans and mortgages are recorded at net present value at issue, and related present value discounts are expensed. Valuation allowances are made when collectibility is considered doubtful. Interest is accrued on loans receivable only when collection is certain. Otherwise, it is recognized on the cash basis.

Other investments are recorded at the cost of acquisition (which may be adjusted by attributed income). Valuation adjustments are made when the value of investments is impaired.

Sinking fund investments are cash and marketable securities held specifically for the purpose of repaying outstanding debt at maturity. Sinking fund investments are recorded at the cost of acquisition.

#### *Tangible Capital Assets*

Tangible capital assets are recorded at historical cost, plus asset retirement obligations, less accumulated amortization. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight-line basis.

All significant tangible capital assets of government organizations and operations have been capitalized. Intangible assets and items inherited by right of the Crown, such as forest, water and mineral resources, are not recognized in these financial statements. Crown land is capitalized at a nominal value of one dollar.

The value of collections (artifacts, specimens and documents) has been excluded from the Statement of Financial Position. When collections are purchased, these items are expensed.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 1. Significant Accounting Policies—Continued

#### *Liabilities*

All liabilities are recorded to the extent they represent claims payable to outside parties as a result of events and transactions prior to year end. This includes probable losses on loan guarantees issued by the province, contingent liabilities (when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis) and unfunded pension liabilities.

Guaranteed debt includes guarantees by the Minister of Finance, made through specific agreements or legislation, to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The amount of the loss provision represents the best estimate of future payments less recoveries. The loss provision is recorded as a liability and an expense in the year determined and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

#### *Employee Pension Plans*

The province accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service. The amount is calculated using the accrued benefit actuarial cost method. Where plans are in a net asset position and Joint Trusteeship Agreements restrict access to the assets, the province records the value of plan net assets as nil. Changes in net liabilities/assets, which arise as a result of actuarial gains and losses, are amortized on a straight-line basis over the average remaining service period of employees active at the date of the adjustments. Past service costs from plan amendments are recognized in full in the year of the amendment.

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the province for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

#### *Public Debt*

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, re-lending to authorized government bodies and borrowings in advance of future requirements under the Warehouse Borrowing Program. Public debt consists of short-term promissory notes, notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and unrealized foreign exchange gains or losses.

Public debt is reported under two categories:

- (i) Taxpayer-supported debt—includes direct debt used for government operating and capital purposes, the debt of those Crown corporations, agencies and SUCH sector entities who require an operating or debt servicing subsidy from the provincial government, and the debt of an entity that is fully consolidated within these financial statements.
- (ii) Self-supported debt—includes the portion of debt of commercial Crown corporations, agencies and entities that has been borrowed through the government's fiscal agency loan program. It does not include all debt of commercial Crown corporations and agencies as these entities are consolidated on the modified equity basis. Commercial Crown corporations and agencies fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self-supported debt includes debt of the Warehouse Borrowing Program.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 1. Significant Accounting Policies—Continued

#### *Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at year end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts that specify the rate of exchange. Adjustments to revenue or expense 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 component of sinking funds, public debt and loans for purchase of assets recoverable from agencies, 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.

#### *Derivative Financial Instruments*

The province is a party to financial instruments with off-balance sheet risk due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations. The province does not use derivative financial instruments for speculative purposes. Off-balance sheet position data is given in the form of nominal principal amounts outstanding. Amounts earned and expenses incurred under swaps are recognized and offset against the related interest expense. Gains and losses on terminated derivative contracts are deferred and amortized over the lesser of the remaining term of the contract or the term of the related debt.

#### *Other Comprehensive Income*

Public sector generally accepted accounting principles do not recognize other comprehensive income in relation to taxpayer-supported Crowns. Therefore, any transactions relating to other comprehensive income in the taxpayer-supported Crown corporation statements have been reversed. Any recognition of other comprehensive income for self-supported Crown corporations has been reflected in the equity in self-supported Crown corporations and agencies, and in the accumulated surplus (deficit).

#### *Asset Retirement Obligations*

The province recognizes asset retirement obligations where a reasonable estimate of the fair value of the obligation and the future settlement date of the retirement of the asset can be determined. The associated retirement costs are capitalized as part of the assets' carrying value and amortized over the assets' useful lives. Legal liabilities may exist for the removal and disposal of asbestos within buildings that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal will be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made.

### 2. Measurement Uncertainty

The preparation of financial statements requires the province to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as measurement uncertainty.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 2. Measurement Uncertainty—Continued

Some of the more significant estimates used in these financial statements affect the accrual of individual income tax revenues, Canada Health Transfer and Canada Social Transfer entitlements, obligations for pension obligations and other employee future benefits, accruals for environmental obligations, future payments related to contingent liabilities, and valuation allowances for loans, investment and advances. Actual results could differ from estimates. For many common financial statement items, such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but inestimable.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements, as identified in the table below, for items with a variability of over \$10 million:

Program Area	Actual <sup>1</sup> Amount Recorded \$	In Millions		Range	
		Measurement Minimum \$	Uncertainty Maximum \$	Minimum \$	Maximum \$
<b>Liabilities</b>					
<i>Accounts Payable and Accrued Liabilities</i>					
Litigation and Arbitration.....	165	155	175	(10)	10
Variability exists in the outcomes of litigation and arbitration.					
Crime Victim Assistance Program.....	174	165	182	(9)	8
Variability exists because actuarial estimates are used.					
Silviculture Liability.....	60	54	66	(6)	6
Variability exists in the accruals as the recorded numbers are based on the province's best estimate of expected results.					
<b>Revenues</b>					
<i>Taxation</i>					
Personal Income Tax.....	5,524	5,224	5,824	(300)	300
<i>Contributions from the Federal Government</i>					
Canada Social Transfer payments <sup>2</sup> .....	1,433	1,422	1,444	(11)	11
Variability is based on the potential differences between the estimates for the economic factors used in calculating the accruals and actual economic results.					

See note 25(b) with respect to the measurement uncertainty related to environmental remediation liabilities.

<sup>1</sup>Actual amount recorded for each program area may not represent the entire amount in the financial statement line item.

<sup>2</sup>Canada Social Transfer payments are transfers from the federal government based on the provincial share of national population figures.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 3. Accounts Receivable

	In Millions	
	2010	2009
	\$	\$
Accounts receivable.....	1,717	1,809
Taxes receivable.....	1,302	1,285
Accrued interest.....	206	208
	3,225	3,302
Provision for doubtful accounts.....	(650)	(692)
	2,575	2,610

### 4. Inventories for Resale

	In Millions	
	2010	2009
	\$	\$
Properties.....	11	16
Miscellaneous.....	40	41
	51	57

Inventories for resale are charged to expense when sold. During the year, the total cost of sales was \$169 million (2009: \$154 million) including the effect of write-downs of \$1 million (2009: \$1 million) and the effect of reversals of write-downs of nil (2009: nil). Write-downs occurred due to obsolete materials no longer used and damaged goods.

### 5. Due from Other Governments

	In Millions	
	2010	2009
	\$	\$
Government of Canada:		
Current.....	750	346
Long-term.....	81	79
Provincial governments:		
Current.....	15	19
Local governments: <sup>1</sup>		
Current.....	37	29
Long-term.....	10	
	893	473

<sup>1</sup>Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 6. Due from Self-supported Crown Corporations and Agencies

	In Millions	
	2010	2009
	\$	\$
British Columbia Lottery Corporation.....	129	202
British Columbia Hydro and Power Authority.....	63	12
British Columbia Liquor Distribution Branch.....	14	
Columbia Power Corporation.....	2	2
	<u>208</u>	<u>216</u>

See Statement of Financial Position for Self-supported Crown Corporations and Agencies on page 92 for details.

### 7. Equity in Self-supported Crown Corporations and Agencies

	In Millions			2009	
	2010				
	Investments	Unremitted Earnings	Other Comprehensive Income	Total	Total
	\$	\$	\$	\$	\$
Insurance Corporation of British Columbia.....		3,369	386	3,755	2,743
British Columbia Hydro and Power Authority.....		2,621	53	2,674	2,179
Columbia Power Corporation.....	276	89		365	347
British Columbia Railway Company.....	107	146		253	251
Transportation Investment Corporation.....	150	(12)	(27)	111	142
British Columbia Transmission Corporation.....	20	38		58	51
Provincial Capital Commission.....		15		15	15
	<u>553</u>	<u>6,266</u>	<u>412</u>	<u>7,231</u>	<u>5,728</u>

#### Change in Equity in Self-supported Crown Corporations and Agencies

Balance—beginning of year.....	553	5,252	(67)	5,738	5,090
Prior period adjustments.....		(10)		(10)	(9)
Balance—beginning of year restated.....	553	5,242	(67)	5,728	5,081
Increase (decrease) in investment.....					150
Increase (decrease) in other comprehensive income.....			479	479	(432)
Net earnings of self-supported Crown corporations and agencies.....		3,020		3,020	2,904
Contributions paid to the Consolidated Revenue Fund..		(1,770)		(1,770)	(1,719)
Adjustments to contributions paid.....		(226)		(226)	(256)
<b>Balance—end of year.....</b>	<u>553</u>	<u>6,266</u>	<u>412</u>	<u>7,231</u>	<u>5,728</u>

See Statement of Financial Position for Self-supported Crown Corporations and Agencies and Summary of Results of Operations and Statement of Equity for Self-supported Crown Corporations and Agencies on pages 92 – 93 for details.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 8. Loans, Advances and Mortgages Receivable

	In Millions	
	2010	2009
	\$	\$
<b>Loans and Advances</b>		
BC student loans.....	883	830
Land Tax Deferment loans.....	341	287
Construction loans to social housing projects.....	136	78
Industrial Development Fund commercial loans.....	33	33
Accountable advances.....	7	16
Miscellaneous.....	84	82
	1,484	1,326
Provision for doubtful accounts.....	(261)	(272)
	1,223	1,054
<b>Mortgages Receivable</b>		
Reconstruction Program.....	103	80
Miscellaneous.....	1	55
	104	135
	1,327	1,189



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 8. Loans, Advances and Mortgages Receivable—Continued

The BC Student Loan Program provides loans to borrowers for higher education. Borrowers are required to repay these loans through a contracted service provider to the province with a floating interest rate of prime plus 2.5%. Amortization of the loans is usually set for 174 months, but borrowers can extend that amortization to a maximum of 234 months. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The BC Student Loan Program also administers defaulted student loans issued by financial institutions under a guaranteed and risk sharing agreement with the province.

The Land Tax Deferment Program allows eligible owners to defer payment of all, or a portion of, annual property taxes due on principal residences. Eligible individuals are either 55 years of age or older, a surviving spouse, a person with a disability, or an owner experiencing financial hardship. The program for individuals 55 years of age or older, a surviving spouse, or a person with disability, requires 25% equity in the home. The program for individuals experiencing financial hardship requires 15% equity in the home. Simple interest is charged on the deferred taxes at a rate set by the minister of finance. This rate will not exceed the prime lending rate of the principal banker to the government, and will vary depending on the eligibility criteria used. The deferred taxes, plus any administration fees or outstanding interest, must be repaid before the residence can be legally transferred to a new owner, other than directly to a surviving spouse.

Construction loans are provided by British Columbia Housing Management Commission (BCHMC), a taxpayer-supported Crown corporation and an approved lender under the *National Housing Act*. BCHMC provides construction loans for societies that are building approved projects under social housing programs. Interest is payable at the province's weighted average borrowing rate for short-term funds, plus administration costs. Loans are repaid at substantial completion of each project from financing arranged with private lenders.

The Industrial Development Fund provided loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 7.75%. The Industrial Development Fund was eliminated pursuant to the repeal of the *Industrial Development Incentive Act* under the *Budget Measures Implementation Act, 2002*. No loans were issued after March 31, 2002.

Accountable advances represent funds issued for program costs that have not yet been expended in accordance with the applicable agreements.

The Reconstruction Program provides financial assistance to homeowners to pay for repairs for homes with premature building envelope failure. The financial assistance is provided in the form of subsidized interest loans, no interest loans or deferred payment loans, and is secured by registered mortgages. This program is administered by the Homeowner Protection Office. The Homeowner Protection Office stopped accepting applications for the program after July 31, 2009. On April 1, 2010, the Reconstruction Program is being transferred to the Ministry of Finance.

Miscellaneous mortgages receivable have terms ranging from less than one year to thirty-five years, with some loans being payable on demand, with interest rates from 0.20% to 8.75%.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 9. Other Investments

	In Millions	
	2010	2009
	\$	\$
Equity investments.....	1,119	329
Pooled investment portfolios.....	696	1,297
Provincial government bonds.....	519	199
Municipal, corporate and other bonds.....	431	239
Commercial loans and investments.....	304	300
Government of Canada bonds.....	134	162
British Columbia Ferry Services Inc.....	75	75
Miscellaneous.....	399	214
	<b>3,677</b>	<b>2,815</b>

Pooled investment portfolios consist mainly of units in various funds of the British Columbia Investment Management Corporation. These funds' investments consist primarily of debt and equity holdings of privately held companies. Pooled investment portfolios have a market value of \$719 million (2009: \$1,160 million).

Equity investments have a market value of \$1,271 million (2009: \$312 million). They include investments in Canadian, U.S. and international equity markets. Also included in equity investments are investments by the University of British Columbia and University of Victoria in subsidiaries that are reported on the equity basis. The total investment reported for these entities is \$5 million (2009: \$6 million).

Commercial loans and investments are recorded at the lower of cost of acquisition adjusted by attributed income and market value. Commercial loans and investments include Columbia Basin Trust's \$304 million (2009: \$298 million) investment in power development joint ventures.

Municipal, corporate and other bonds have a market value of \$439 million (2009: \$231 million) with yields ranging from 0.50% to 13.00%.

Provincial bonds of various provinces have a market value of \$530 million (2009: \$175 million), with yields ranging from 0.26% to 7.60%. Maturity dates range from June 21, 2010 to June 18, 2040.

Government of Canada bonds have a market value of \$141 million (2009: \$200 million), with yields ranging from 0.06% to 5.00%. Maturity dates range from June 1, 2010 to June 1, 2041.

As part of a secured debenture amendment and preferred share surrender agreement dated May 23, 2003, the province exchanged its interest in British Columbia Ferry Corporation for 75,477 preferred shares in British Columbia Ferry Services Inc. These non-voting preferred shares are valued at \$1,000 per share and entitle the province to a fixed cumulative dividend at a rate of 8% of the issue price.

Miscellaneous investments consist of other pooled funds as well as various forms of income securities, notes and treasury bills. The market value of miscellaneous investments is \$412 million (2009: \$204 million).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 10. Sinking Fund Investments

	In Millions	
	2010	2009
	\$	\$
Taxpayer-supported sinking fund investments.....	1,233	2,019
Self-supported sinking fund investments.....	96	115
	<u>1,329</u>	<u>2,134</u>

	In Millions	
	2010	2009
	\$	\$
Provincial government bonds.....	1,099	983
Local government bonds.....	223	323
Pooled investment portfolios.....	6	802
Government of Canada bonds.....	1	1
Cash.....		25
	<u>1,329</u>	<u>2,134</u>

Provincial bonds of various provinces have a market value of \$1,166 million (2009: \$1,063 million), with yields ranging from 0.39% to 6.02%. Maturity dates range from June 1, 2010 to August 15, 2048.

Pooled investment portfolios have a market value of \$6 million (2009: \$859 million). These pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's bond funds, which mainly consist of various governments' bonds and short-term unitized funds that hold money market instruments. During the year, \$763 million units were liquidated from the British Columbia Investment Management Corporation's bond funds.

Local government bonds have a market value of \$245 million (2009: \$328 million), with yields ranging from 1.14% to 4.95%. Maturity dates range from April 10, 2010 to November 30, 2023. Local government bonds mainly consist of debt issued by the BC Municipal Financing Authority.

Government of Canada bonds have a market value of \$0.5 million (2009: \$0.9 million), with a yield of 2.58%, and a maturity date of June 1, 2013.

### 11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions	
	2010	2009
	\$	\$
British Columbia Hydro and Power Authority.....	10,782	9,044
Transportation Investment Corporation.....	544	20
British Columbia Transmission Corporation.....	70	70
British Columbia Lottery Corporation.....	60	
Improvement districts.....	15	15
	<u>11,471</u>	<u>9,149</u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 12. Accounts Payable and Accrued Liabilities

	In Millions	
	2010	2009
	\$	\$
Accounts payable.....	2,064	2,484
Accrued employee leave entitlements (see table below) .....	1,844	1,922
Other accrued estimated liabilities <sup>1</sup> .....	1,625	1,670
Accrued interest on debt.....	535	559
	<b>6,068</b>	<b>6,635</b>

<sup>1</sup>Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims.

	In Millions	
	2010	2009
	\$	\$
<b>Accrued employee leave entitlements</b>		
Retirement allowance.....	718	599
Vacation, compensatory time off, sick bank.....	714	979
Long-term disability.....	361	274
Worker compensation benefits.....	51	70
	<b>1,844</b>	<b>1,922</b>

Across the reporting entity, there are a variety of employee benefit plans with different terms that provide for post-employment benefits, compensated absences and termination benefits. The province is responsible for adequately funding most of the plans. The cost of benefits are recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the province to pay benefits occurs.

The province accrues a liability for vacation pay, compensatory time off and banked sick time. Part of the liability is based on actuarial valuations.

The province provides termination payments under various collective agreements. The amounts payable are based on years of service and annual salary.

Amounts recorded in the financial statements relating to long-term disability benefits represent the actual amount of benefits paid during the year plus the actuarial estimate for future payments, based on claims ongoing at year-end.

Amounts recorded for worker compensation benefits represent the actual premiums accruing to WorkSafeBC for the year.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 13. Due to Other Governments

	In Millions	
	2010	2009
	\$	\$
Government of Canada:		
Current.....	198	192
Long-term.....	504	447
Provincial governments:		
Current.....	23	33
Long-term.....	6	7
Local governments: <sup>1</sup>		
Current.....	76	25
	<u>807</u>	<u>704</u>

<sup>1</sup>Local governments are municipal units established by the provincial government that include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

### 14. Due to Crown Corporations, Agencies and Trust Funds

	In Millions	
	2010	2009
	\$	\$
Trust funds.....	66	72
	<u>66</u>	<u>72</u>

### 15. Deferred Revenue

	In Millions	
	2010	2009
	\$	\$
Petroleum, natural gas and minerals, leases and fees.....	4,389	4,296
Deferred contributions.....	2,456	2,779
Federal contributions.....	1,145	646
Federal and municipal highway project revenues.....	666	386
Unearned lease revenue.....	398	356
Motor vehicle licences and permits.....	244	239
Derivative debt instruments.....	148	157
Tuition.....	143	124
Water rentals and recording fees.....	96	90
Medical Services Plan premiums.....	57	83
Forest Stand Management Fund.....	11	9
Miscellaneous.....	244	266
	<u>9,997</u>	<u>9,431</u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 16. Employee Pension Plans

	In Millions	
	2010	2009
	\$	\$
Teachers' Pension Plan.....	50	
Members of the Legislative Assembly Superannuation Account.....	3	3
	53	3

#### (a) Members of the Legislative Assembly Superannuation Account

The Legislative Assembly Superannuation Account (the "Account") is administered by the British Columbia Pension Corporation (the "Pension Corporation"). As members of the Legislative Assembly retire, the present value of the amount required to provide a legislative member's future pension benefit is transferred from the Account to the Public Service Pension Plan from which monthly pensions are paid. The province contributes to this plan and provides additional funding when the present value of the funding exceeds the accumulated assets in the Account available to fund those members' benefit entitlements in the plan. This plan provides basic pension benefits based on length of service, highest four-year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

#### (b) Other Pension Plans

Other pension plans represent defined benefit plans outside of the College, Public Service, Municipal, and Teachers' Pension plans which are funded by entities within the government reporting entity. They include the Retirement Plan for Non-Teaching Employees of the Board of School Trustees of School District No. 43 (Coquitlam), the University of Victoria's pension plan for employees other than faculty and professional staff, and Simon Fraser University's Academic Pension Plan and Administrative/Union Pension Plan. The accrued benefit obligation for these other pension plans is \$451 million (2009: \$449 million), with estimated pension fund assets of \$443 million (2009: \$444 million), and an unamortized actuarial gain (loss) of \$(13) million (2009: \$(10) million). The accrued net asset is \$5 million (2009: \$5 million).

There are additional employee pension plans in Crown corporations and agencies consolidated on the modified equity basis. They include British Columbia Hydro and Power Authority, British Columbia Lottery Corporation, British Columbia Railway Company, British Columbia Transmission Corporation and the Insurance Corporation of British Columbia. Net assets or net liabilities of the pension funds are included in the investment balance of the particular Crown corporation or agency. Total accrued benefit obligations equal \$3,668 million (2009: \$3,064 million), with estimated pension fund assets of \$3,404 million (2009: \$2,949 million), and an unamortized actuarial gain (loss) of \$(666) million (2009: \$(501) million). The accrued net asset is \$402 million (2009: \$386 million).

#### (c) Joint Trusteed Plans

The province contributes to four defined benefit pension plans for substantially all of its employees. The four pension plans are the College Pension Plan, the Public Service Pension Plan, the Municipal Pension Plan, and the Teachers' Pension Plan. The plans provide basic pensions based on length of service, highest five-year average earnings and plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding. No unfunded liability exists for the future indexing of pensions as the obligation is limited to the amount of available assets in separate inflation accounts.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 16. Employee Pension Plans—Continued

The College, Public Service, Municipal and Teachers' pension plans are joint trustee plans. In joint trustee plans, control of the plans and their assets is assumed by individual pension boards made up of plan employer and plan member appointed trustees. Provisions of these plans stipulate that the province has no formal claim to any pension plan surplus or asset. The boards are fully responsible for the management of the plans, including investment of the assets and administration of the plans. The Pension Corporation provides benefit administrative services as an agent of the boards of trustees. The British Columbia Investment Management Corporation provides investment management services as an agent of the boards of trustees.

In the event an unfunded liability is determined by an actuarial valuation (performed at least every three years), the pension boards are required to address it through contribution adjustments shared equally by plan members and employers. It is expected, therefore, that any unfunded liabilities in the future will be short-term in nature.

The reported net assets or net obligations of the pension plans are under joint trust arrangements which limit the province's possible conditional share to 50%. The province has no claim on accrued asset amounts. If the individual pension boards decide to reduce or suspend employer contributions for a period of time, the province may record an asset. Therefore, the recorded value of the net assets is nil until such time such a decision is made. The province is responsible for 50% of a reported net obligation. Settlement of the obligation will occur in future periods as increased contributions maintain a fully funded plan status over time. Also, only 70% of the pension fund assets, accrued benefit obligation, and preliminary current year employer contributions are included for the Municipal Pension Plan, reflecting the province's interest in the plan.

The accrued benefit obligations and pension assets shown for 2009/10 are based on extrapolations of the most recent actuarial valuations as shown below. Fund assets are based on market value at the date of actuarial valuation and extrapolated using actuarial growth assumptions as shown in the following table. The expected long-term inflation rates used in these assumptions are nil, since the future indexing of pensions is limited to the amount of available assets in the inflation adjustment account.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 16. Employee Pension Plans—Continued

#### Key actuarial assumptions and dates:

	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan
Date of actuarial valuation.....	Mar 31/08	Dec 31/06	Dec 31/08	Aug 31/06
Date of audited financial statements.....	Mar 31/09	Dec 31/08	Dec 31/08	Aug 31/09
Expected long-term rate of return.....	6.50%	6.75%	6.50%	6.75%
Assumed rate of salary escalation.....	3.75%	4.00%	3.75%	4.00%

The audited financial statements of each pension plan listed, except the Account, may be found in the annual reports at [www.pensionsbc.ca](http://www.pensionsbc.ca) outside these audited statements.

#### (d) Accrued net obligation (asset) table

The estimated financial position as at March 31, 2010, for the basic pension in each plan is as follows:

	In Millions				Total
	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan	
	\$	\$	\$	\$	\$
Accrued benefit obligation.....	13,504	15,335	15,076	2,194	46,109
Pension fund assets.....	14,745	15,788	13,692	2,253	46,478
	(1,241)	(453)	1,384	(59)	(369)
Unamortized actuarial gain (loss).....	(772)	(894)	(1,284)	(297)	(3,247)
<b>Accrued net obligation (asset).....</b>	<b>(2,013)</b>	<b>(1,347)</b>	<b>100</b>	<b>(356)</b>	<b>(3,616)</b>

(e) The preliminary overall fund rates of return (loss) reported to the pension boards as at December 31, 2009 for each plan are: College Pension Plan 12.50% (2009: (12.20%)), Public Service Pension Plan 10.90% (2009: (12.60%)), Municipal Pension Plan 10.80% (2009: (12.40%)), and Teachers' Pension Plan 11.20% (2009: (12.80%)).

(f) The province's share includes contributions for all participants in the government reporting entity. Total contributions this year for each plan are: College Pension Plan \$57 million (2009: \$53 million), the Public Service Pension Plan \$297 million (2009: \$295 million), the Municipal Pension Plan \$452 million (2009: \$425 million), and the Teachers' Pension Plan \$335 million (2009: \$328 million).



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 17. Taxpayer-supported Debt<sup>1</sup>

		In Millions				2010	2009
	Year of Maturity	Canadian Dollar	US Dollar <sup>2</sup>	Japanese Yen <sup>2</sup>	Other Currencies <sup>2</sup>	Canadian Dollar Total	Canadian Dollar Total
		\$	\$	\$	\$	\$	\$
Short-term promissory notes.....	2010					0	2,643
	2011	3,208	326			3,534	0
Notes, bonds and debentures <sup>3</sup> .....	2010					0	2,388
	2011	1,952		89	614	2,655	2,636
	2012	2,535				2,535	2,531
	2013	678				678	676
	2014	1,663	547			2,210	2,275
	2015	2,099			84	2,183	1,139
	2016–2020	3,154			658	3,812	1,282
	2021–2025	4,024				4,024	3,993
	2026–2030	3,833				3,833	3,757
	2031–2035	1,179				1,179	1,062
	2036–2040	3,289				3,289	3,101
	2041–2045	915				915	625
	2046–2050	142				142	178
Capital leases.....	2011–2050	218				218	246
<b>Total debt issued at face value..</b>		<b><u>28,889</u></b>	<b><u>873</u></b>	<b><u>89</u></b>	<b><u>1,356</u></b>	<b>31,207</b>	<b>28,532</b>
Unamortized discount.....						(51)	(110)
Unrealized foreign exchange gains (losses) .....						15	(54)
Amount held in the Consolidated Revenue Fund.....						(2)	(2)
<b>Total taxpayer-supported debt.....</b>						<b><u>31,169</u></b>	<b><u>28,366</u></b>

The effective interest rates (weighted average) as at March 31 on the above debt are:

2010.....	5.28%
2009.....	5.57%

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 19 (Risk Management and Derivative Financial Instruments).

<sup>2</sup>A portion of the foreign currency denominated debt as at March 31, 2010 was hedged to Canadian dollars—US\$412 million was fully hedged to CAD\$481 million with the remaining US\$300 million fully hedged to 36,075 million Japanese Yen (CAD\$392 million); 10,000 million Japanese Yen was fully hedged to CAD\$89 million; and 383 million in Euro denominated debt was fully hedged to CAD\$614 million; 600 million Swiss Francs was fully hedged to CAD\$658 million; and, 527 million in Hong Kong dollar denominated debt was fully hedged to CAD\$84 million.

<sup>3</sup>Notes, bonds and debentures includes \$1,564 million (2009: \$1,316 million) in public private partnership obligations and \$82 million (2009: \$76 million) in demand loans.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 17. Taxpayer-supported Debt—Continued

#### Notes, bonds and debentures

##### *Redeemable by the province*

Balances include debentures issued to the Canada Pension Plan totalling \$3,510 million (2009: \$3,514 million) at a weighted average interest rate of 6.56% (2009: 6.99%). These debentures mature at various dates from April 10, 2010 to March 9, 2040 with interest rates varying between 2.71% and 11.33%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, \$267 million (2009: \$244 million) Canada Pension Plan debentures were issued.

##### *Mortgages*

Balances include mortgages secured by land and building totalling \$309 million (2009: \$319 million).

##### *Aggregate payments to meet sinking fund instalments and retirement provisions*

Aggregate payments for the next five fiscal years and thereafter to meet sinking fund instalments and retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
	<u>          </u>
	\$
2011.....	2,648
2012.....	2,320
2013.....	803
2014.....	2,192
2015.....	2,249
2016–2050.....	14,337

#### Capital Lease Obligations

Capital lease obligations consist of the present value of the minimum lease payments related to capital leased assets. The province has lease agreements with terms between one year and thirty-eight years, with interest rates ranging between 1.00% and 6.70%.

Major leases include: PHH Vehicle Management Services Inc. of \$33 million (2009: \$46 million); health organizations of \$121 million (2009: \$128 million), including Vancouver Coastal Health Authority building and equipment leases of \$120 million (2009: \$128 million); post secondary institutions of \$46 million (2009: \$46 million), including Thompson Rivers University land and building leases of \$41 million (2009: \$41 million); school districts equipment leases of \$12 million (2009: \$14 million); and other leases of \$6 million (2009: \$12 million). Other entities with leases include the BC Transportation Financing Authority, and the British Columbia Institute of Technology. Details of leases held outside the Consolidated Revenue Fund are available from the entity financial statements on the public website outside these audited statements at <http://www.fin.gov.bc.ca/pubs.htm>.

The PHH leases are accounted for by the province as capital leases. The province first entered into a contract with PHH in 1998 which expired on January 31, 2006. A new contract was awarded for seven years ending January 31, 2013, with the option of a single two year extension to January 31, 2015. The original capital lease obligation is recorded based on the PHH purchase price of the lease vehicles which is equivalent to the fair market value of the assets that are amortized for either six or seven years. No residual values are assigned. The province is billed monthly for the amortization, interest, and other lease charges and adjustments. Interest charges are based on varying rates that depend on the thirty day banker's acceptance rate quoted by the Bank of Canada. The lease provides for an option to purchase any time after the first twelve months of a vehicle's lease for the greater of its fair market or net book value, plus applicable taxes.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 17. Taxpayer-supported Debt—Continued

*Aggregate payments to meet capital lease payments*

Aggregate minimum lease payments over the next five fiscal years and thereafter are:

	In Millions Canadian Dollar
	\$
2011.....	36
2012.....	28
2013.....	20
2014.....	14
2015.....	11
2016–2048.....	272
Total minimum lease payments.....	381
Less imputed interest.....	(163)
<b>Total capital lease liability.....</b>	<b>218</b>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 18. Self-supported Debt<sup>1,2</sup>

	Year of Maturity	In Millions			
		Canadian Dollar	US Dollar <sup>3</sup>	2010	2009
				\$	\$
				\$	\$
Short-term promissory notes.....	2010			0	1,714
	2011	2,080	20	2,100	0
Notes, bonds and debentures.....	2010			0	632
	2011	150		150	150
	2012	450		450	450
	2013	200		200	200
	2014	500	290	790	790
	2015	325		325	825
	2016–2020	1,395	204	1,599	1,779
	2021–2025	1,526		1,526	1,526
	2026–2030	500	596	1,096	1,134
	2031–2035	950		950	1,000
	2036–2040	78	354	432	371
	2041–2045	1,446		1,446	342
	2046–2050	370		370	370
<b>Total debt issued at face value.....</b>		<b><u>9,970</u></b>	<b><u>1,464</u></b>	11,434	11,283
Unamortized premium.....				48	29
Unrealized foreign exchange gain.....				70	18
<b>Total self-supported debt.....</b>				<b><u>11,552</u></b>	<b><u>11,330</u></b>

The effective interest rates (weighted average) as at March 31 on the above debt are:

2010.....	4.79%	
2009.....		5.03%

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 19 (Risk Management and Derivative Financial Instruments).

<sup>2</sup>Self-supported debt includes Warehouse Borrowing Program debt of nil (2009: \$2,081 million).

<sup>3</sup>Foreign currency denominated debt as at March 31, 2010 includes US\$1,219 million (CAD\$1,464 million), of which US\$992 million was fully hedged to CAD\$1,233 million and US\$227 million was unhedged (CAD\$231 million).

### Notes, bonds and debentures

#### *Redeemable by the province*

Balances include debentures issued to the Canada Pension Plan totalling \$148 million (2009: \$144 million) at a weighted average interest rate of 4.94% (2009: 7.53%). These debentures mature at various dates from June 11, 2017 to June 9, 2039, with interest rates varying between 4.75% and 5.06%. These debentures are redeemable in whole or in part before maturity, on thirty days prior notice, at the option of the province. During the year, \$78 million (2009: \$30 million) Canada Pension Plan debentures were issued.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 18. Self-supported Debt—Continued

#### *Aggregate payments to meet retirement provisions*

Aggregate payments for the next five fiscal years and thereafter to meet retirement provisions on notes, bonds and debentures are:

	In Millions Canadian Dollar
	<u>\$</u>
2011.....	150
2012.....	450
2013.....	200
2014.....	790
2015.....	325
2016–2050.....	7,185

### 19. Risk Management and Derivative Financial Instruments

The province borrows funds in both domestic and foreign capital markets, and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the province is exposed to risks associated with interest rate fluctuations, foreign exchange rate fluctuations and credit risk. In accordance with risk management policy guidelines set by the Risk Committee of the Ministry of Finance, the province uses a variety of derivative financial instruments to hedge exposure to interest rate and foreign exchange risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps, forward foreign exchange contracts, forward rate agreements, and advanced rate setting agreements. A derivative instrument is a financial contract with a financial institution or counterparty that is applied to effect a hedge on interest rate or foreign exchange exposure contained in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument.

The following tables present maturity schedules of the province's derivatives by type, outstanding at March 31, 2010, based on the notional amounts of the contracts. The notional amounts of financial derivative instruments are the face amounts that are used to calculate interest payments made on those instruments. There is no exchange of the notional amounts in interest rate swaps. Cross-currency swaps can have an exchange of the notional amounts at the start of the contract, the end of the contract, or both.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 19. Risk Management and Derivative Financial Instruments—Continued

#### Taxpayer-supported Portfolios (Notional Values)

Year of Maturity	In Millions				Total
	Cross Currency Swaps <sup>1</sup>	Interest Rate Swaps <sup>1</sup>	Advanced Rate Setting Agreements <sup>1</sup>	Forward Foreign Exchange Contracts <sup>1</sup>	
	\$	\$	\$	\$	
2011	792		800	483	2,075
2012		100			100
2013		240			240
2014	547	549			1,096
2015	84				84
6–10 years	658	303			961
+ 10 years	137	1,072			1,209
<b>Total.....</b>	<b>2,218</b>	<b>2,264</b>	<b>800</b>	<b>483</b>	<b>5,765</b>

<sup>1</sup>March 31, 2010, fair market valuation was an unrealized loss of \$273 million on cross-currency swaps, an unrealized gain of \$187 million on interest rate swaps, an unrealized loss of \$3 million on advanced rate setting agreements, and an unrealized gain of nil on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments.

#### Self-supported Portfolios (Notional Values)

Year of Maturity	In Millions				Total
	Cross Currency Swaps <sup>2</sup>	Interest Rate Swaps <sup>2</sup>	Advanced Rate Setting Agreements <sup>2</sup>	Forward Foreign Exchange Contracts <sup>2</sup>	
	\$	\$	\$	\$	
2011			843	20	863
2012		450			450
2013		200			200
2014	290	931			1,221
2015					0
6–10 years		500		204	704
+ 10 years		500		719	1,219
<b>Total.....</b>	<b>290</b>	<b>2,581</b>	<b>843</b>	<b>943</b>	<b>4,657</b>

<sup>2</sup>March 31, 2010, fair market valuation was an unrealized loss of \$89 million on cross-currency swaps, an unrealized gain of \$19 million on interest rate swaps, an unrealized loss of \$12 million on advanced rate setting agreements, and an unrealized loss of \$73 million on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments that are held to maturity. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 19. Risk Management and Derivative Financial Instruments—Continued

#### *Interest rate risk*

Interest rate risk is the risk that the province's debt servicing costs will fluctuate due to changes in interest rates. The province uses derivative contracts (interest rate swaps) to manage interest rate risk by exchanging a series of interest payments, and assuming either a fixed or floating rate liability to a counterparty, based on the notional principal amount. Derivatives allow the province to alter the proportion of its debt held in fixed and floating rate form to take advantage of changes in interest rates.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals \$22,338 million (2009: \$19,516 million), allow floating rate exposure up to 45.00% (2009: 45.00%) of this portion of the taxpayer-supported debt. At March 31, 2010, floating rate debt exposure was 27.35% (2009: 24.94%) of the government direct debt portfolio.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate exposure is 46.00% (2009: 46.00%) of their debt that totals \$10,782 million (2009: \$9,054 million). At March 31, 2010, floating rate debt exposure for BC Hydro was 28.70% (2009: 32.50%) of their debt.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2010, a one percent change in interest rates would impact the annual debt servicing expense by \$52 million (2009: \$48 million) for the taxpayer-supported debt portfolio and \$31 million (2009: \$30 million) for the self-supported debt portfolio.

At March 31, 2010, swap agreements relating to investments held by taxpayer-supported portfolios included interest rate swaps totalling \$84 million (2009: \$84 million).

#### *Foreign exchange risk*

Foreign exchange risk is the risk that the province's debt servicing costs and principal payments will fluctuate due to changes in foreign exchange rates. The province uses derivative contracts (cross-currency swaps) to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows.

The government's current policy guidelines with respect to the provincial government direct debt portfolio, which totals \$22,338 million (2009: \$19,516 million), allow unhedged foreign debt exposure up to 10.00% (2009: 10.00%) of this portion of the taxpayer-supported debt. At March 31, 2010, unhedged foreign debt exposure, in Japanese yen was 1.76% (2009: 2.35%) of the government direct debt portfolio.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2009: 5.00%) of its debt, which totals \$10,782 million (2009: \$9,054 million). At March 31, 2010, 1.20% (2009: 1.80%) of its debt was in the form of unhedged foreign debt in US dollars.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2010, a one Japanese yen change versus the value of the Canadian dollar would impact the annual debt servicing costs for the taxpayer-supported debt portfolio by \$1 million (2009: \$1 million); and a one cent change in the Canadian dollar versus the US dollar would impact the annual debt servicing costs for the self-supported debt portfolio by \$1 million (2009: \$1 million).

At March 31, 2010, swap agreements relating to investments held by taxpayer-supported portfolios included cross-currency swaps totalling \$41 million (2009: \$41 million), forward currency contracts and index-linked swaps totalling nil (2009: \$233 million), and a forward foreign exchange agreement totalling nil (2009: \$1 million).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 19. Risk Management and Derivative Financial Instruments—Continued

#### *Credit risk*

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, the province reduces its credit risk by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Standard & Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1 in the case of Canadian Schedule A banks. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

### 20. Net Liabilities

The Consolidated Statement of Change in Net Liabilities (*see* page 41) shows the net impact of applying the expenditure basis of accounting. The net liabilities calculation uses the expenditure, rather than the expense basis of accounting. Under the expenditure basis of accounting, tangible capital assets, prepaid program costs and other assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, these items are recorded on the Consolidated Statement of Financial Position as assets and amortized over an applicable period of time.

### 21. Tangible Capital Assets

	In Millions	
	2010	2009
	\$	\$
Land and land improvements.....	4,031	3,764
Buildings (including tenant improvements).....	15,456	14,342
Highway infrastructure.....	7,999	7,596
Transportation equipment.....	1,896	1,853
Computer hardware and software.....	1,136	1,177
Other.....	1,853	1,923
	<u>32,371</u>	<u>30,655</u>

See Consolidated Statement of Tangible Capital Assets on page 94.



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 21. Tangible Capital Assets—Continued

The estimated useful lives of the more common tangible capital assets are: buildings (5–50 years); highway infrastructure (15–40 years); transportation equipment (including ferries and related infrastructure) (2–25 years); computer hardware and software (1–15 years); major software systems (1–10 years); and other (including vehicles, specialized equipment, and furniture and equipment) (1–25 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Leasehold improvements are amortized over 3–40 years, over the lease term, over the life of the asset, or over the lesser of the lease term and the life of the asset.

Included in tangible capital assets of British Columbia Transit (BCT) and of Rapid Transit Project 2000 Ltd (RTP) are capital assets under lease to South Coast British Columbia Transportation Authority (SCBCTA). These capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain (including the Millennium Line) system and the West Coast Express. These assets are made available to SCBCTA for their use under operating lease arrangements pursuant to an Order in Council (OIC) and to the Millennium Line Use Agreement, and represent one of the province's contributions toward public transportation in the Metro Vancouver service area. The operating lease arrangements between SCBCTA and BCT are for one dollar per year under an initial 15-year term to 2014, with additional five-year renewal periods upon the agreement of BCT and SCBCTA. The net book value of these assets is \$746 million (2009: \$779 million). The operating lease arrangements between SCBCTA and RTP are for one dollar per year under an initial 11 year, 7 month term to 2014, with additional five-year renewal periods upon the agreement of RTP and SCBCTA. The net book value of these assets is \$866 million (2009: \$894 million).

### 22. Prepaid Program Costs

	In Millions	
	2010	2009
	\$	\$
Prepaid program costs.....	<u>559</u>	<u>457</u>

The prepaid program costs include deferred costs associated with the BC Timber Sales Program and other prepaid operating costs. Also included in these amounts are inventories of supplies and other not-for-resale items held by taxpayer-supported Crown corporations and agencies which are charged to expense when consumed in the normal course of operations. At March 31, 2010, the total inventories held for use or consumption was \$291 million (2009: \$264 million). During the year, the total expense due to the consumption of inventories was \$1,107 million (2009: \$1,036 million) including the effect of write-downs of nil (2009: nil) and the effect of reversals of write-downs of nil (2009: nil).

### 23. Other Assets

	In Millions	
	2010	2009
	\$	\$
Deferred debt instrument costs.....	328	296
Other deferred costs.....	51	27
	<u>379</u>	<u>323</u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 24. Accumulated Surplus (Deficit)

	In Millions	
	2010	2009
	\$	\$
Accumulated surplus (deficit)—beginning of year as previously reported <sup>1</sup> .....	6,986	6,908
Adjustments to accumulated surplus (deficit) <sup>2,3</sup> .....	<u>(347)</u>	<u>(344)</u>
Accumulated surplus (deficit)—beginning of year as restated.....	6,639	6,564
Surplus (deficit) for the year <sup>4</sup> .....	<u>(1,779)</u>	<u>75</u>
<b>Accumulated surplus (deficit)—before other comprehensive income.....</b>	<b><u>4,860</u></b>	<b><u>6,639</u></b>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 93)—beginning of year.....	(67)	365
Other comprehensive income from self-supported Crown corporations and agencies (see page 93).....	<u>479</u>	<u>(432)</u>
<b>Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 93)—end of year.....</b>	<b><u>412</u></b>	<b><u>(67)</u></b>
<b>Accumulated surplus (deficit)—end of year.....</b>	<b><u>5,272</u></b>	<b><u>6,572</u></b>

<sup>1</sup>The opening accumulated surplus (deficit) figures for April 1, 2009 and April 1, 2008 are reported before accumulated other comprehensive income.

<sup>2</sup>During 2009/10, adjustments were made to the opening accumulated surplus for 2008/09 as follows:

BC Hydro restatement for change in accounting standards.....	(9)
Restatement of federal deferred capital contributions for Health Authorities.....	(6)
Restatement of Health Benefit Trust liability.....	(96)
Restatement of deferred revenue for UVIC.....	11
To record UBC change in accounting policy for Canadian Foundation for Innovations.....	(10)
To record UBC change in amortization period.....	(29)
Restatement of sick and severance liability for Health Authorities and Hospital Societies.....	38
Restatement of Medical Services Plan provision.....	(27)
Restatement of Bonus Bid revenues.....	<u>(216)</u>
Total.....	<u><u>(344)</u></u>

<sup>3</sup>During 2009/10, adjustments were made to the opening accumulated surplus for 2009/10 for the following items:

BC Hydro restatement for change in accounting standards.....	(10)
Restatement of federal deferred capital contributions for Health Authorities.....	(5)
Restatement of Health Benefit Trust liability.....	(116)
Restatement of deferred revenue for UVIC.....	11
Restatement of deferred revenue for BCIT.....	15
To record UBC change in accounting policy for Canadian Foundation for Innovations.....	(12)
To record UBC change in amortization period.....	(30)
Restatement of sick and severance liability for Health Authorities and Hospital Societies.....	102
Restatement of Medical Services Plan provision.....	(45)
Restatement of Bonus Bid revenues.....	<u>(257)</u>
Total.....	<u><u>(347)</u></u>

<sup>4</sup>During 2009/10, adjustments were made to the reported surplus figure for the 2008/09 fiscal year as follows:

BC Hydro restatement for change in accounting standards.....	(1)
Restatement of federal deferred capital contributions for Health Authorities.....	1
Restatement of Health Benefit Trust liability.....	(20)
Restatement of deferred revenue for BCIT.....	15
To record UBC change in accounting policy for Canadian Foundation for Innovations.....	(2)
To record UBC change in amortization period.....	(1)
Restatement of sick and severance liability for Health Authorities and Hospital Societies.....	64
Restatement of Medical Services Plan provision.....	(18)
Restatement of Bonus Bid revenues.....	<u>(41)</u>
Total.....	<u><u>(3)</u></u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 25. Contingencies and Contractual Obligations

#### (a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2010 was \$406 million (2009: \$410 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2010, totalled \$88 million (2009: \$102 million). See Consolidated Statement of Guaranteed Debt on page 95 for details.

#### (b) CONTINGENT LIABILITIES

##### *Litigation*

The province is a defendant in legal actions and is involved in matters such as expropriation, contract and tax disputes. These matters may give rise to future liabilities.

The province has the following contingent liabilities where the estimated or known claim is, or exceeds \$100,000, but the likelihood of payment is uncertain.

	In Millions	
	2010	2009
	\$	\$
Damage to persons or property.....	25	27
Contract disputes.....	17	114
Property access disputes.....	5	
Negligence and miscellaneous.....	3	4
Motor vehicle accidents.....		31
	<u>50</u>	<u>176</u>

When it is determined it is likely a liability exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability (see Note 12) and an expense. The accrued liability for pending litigation in process at March 31, 2010 was \$128 million (2009: \$36 million).

##### *Guarantees and Indemnities*

The province also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims for amounts that are not explicit or reasonably estimable at this time.

##### *Environmental Clean-up*

The province is responsible for the environmental clean-up of numerous contaminated sites in the province. For those sites where the province has possession, a liability of \$139 million (2009: \$161 million) has been accrued based on preliminary environmental assessments. This liability is based on the minimum estimated clean-up costs for those sites where an estimate has been made and it has been determined the government is liable. Estimated clean-up costs, not already accrued for sites under evaluation, are approximately \$12 million (2009: \$17 million) as at March 31, 2010. In addition, the Ministry of Energy, Mines and Petroleum Resources has determined possible net liabilities of \$594 million (2009: \$540 million) for sites the province does not own. Many other sites remain to be evaluated; the future liability for all environmental clean-up costs is not currently determinable.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 25. Contingencies and Contractual Obligations—Continued

#### *Aboriginal Land Claims*

Treaty negotiations between the province, Canada and First Nations commenced in 1994. The province anticipates these negotiations will result in modern-day treaties defining the boundaries and nature of First Nations treaty settlement lands. As of March 31, 2010, there were forty-nine treaty tables in various stages of negotiation, representing two-thirds of the aboriginal people in British Columbia.

When final treaty agreements are ratified by all parties, the provincial cost of treaties is recorded in the Public Accounts. Costs are accounted for based on the substance of the final agreement.

After ratification from the Maa-nulth First Nations and the provincial government, the Final Agreement with the Maa-nulth First Nations received Royal Assent on June 18, 2009. This was the final step in the ratification process, and expenses of approximately \$27 million were recognized in 2009/10. The agreement comes into effect on April 1, 2011, at which time 22,467 hectares of provincial Crown land will be transferred to the Maa-nulth First Nations.

On November 13, 2008, an Incremental Treaty Agreement was signed with the Tla-o-qui-aht First Nation that committed to the transfer of 63 hectares of provincial Crown land as milestones towards a Final Agreement are reached. As of March 31, 2010, 16.3 hectares have been transferred.

It is expected the capital transfer components in all Agreements in Principle (AiP) will be entirely provided by Canada. The current commitments of provincial Crown land for all Final Agreement tables are as follows:

- In-SHUCK-ch, 15,016 hectares
- Lheidli T'enneh, 3,416 hectares
- Sechelt, 933 hectares
- Sliammon, 6,346 hectares
- Yale, 1,749 hectares
- Yekooche, 5,960 hectares

Upon coming into effect, treaties will also trigger implementation costs and may result in compensation to third parties. Those costs are not determinable at this time.

Eighty per cent of funding for First Nations' negotiation costs is in the form of loans from Canada and is repayable from treaty settlements. The province has committed to reimburse Canada 50% of any negotiation support loans that default along with 50% of the interest accrued. The amount of the loans from Canada to the First Nations at March 31, 2010 was approximately \$397 million (2009: \$371 million). The amount of any provincial liability is not determinable at this time.

Some First Nations have chosen not to negotiate through the formal British Columbia Treaty Commission process. A number of First Nations have chosen to advance their claims through litigation. Claims include declarations with respect to aboriginal rights and title, commercial rights, challenges with respect to adequacy of consultation and accommodation, and damages for unjustified infringements. The amount of any provincial liability is not determinable at this time.

#### *Crown Corporations, Agencies and School Districts, Universities, Colleges, Institutes and Health Organizations (SUCH)*

- (i) The Insurance Corporation of British Columbia (ICBC) settles most serious injury claims through the use of structured settlements which require ICBC to provide claimants with periodic payments, usually for a lifetime. ICBC has purchased annuities from approved life insurance companies to make these payments, and in the event a life insurance company fails in its obligation, ICBC becomes responsible for the annuity payments. To date, ICBC has not experienced any losses resulting from these arrangements, nor are any anticipated. The present value of these settlements at December 31, 2009, was approximately \$0.96 billion (2008: \$1.01 billion).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 25. Contingencies and Contractual Obligations—Continued

- (ii) The BC Transportation Financing Authority has contingent liabilities of \$101 million (2009: \$115 million) remaining after deducting the estimated settlement expense currently accrued from gross claims and environmental issues outstanding for capital projects.
- (iii) Powerex, a wholly owned subsidiary of BC Hydro, has been named, along with other energy suppliers, as a defendant in a number of US lawsuits and regulatory proceedings regarding alleged market manipulation of energy prices in the California wholesale electricity markets during part of 2000 and 2001. Powerex has obtained dismissals of all but one of the lawsuits. Due to the ongoing nature of the regulatory and legal proceedings against Powerex, management cannot predict the outcomes.
- (iv) The B.C. Pavilion Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the B.C. Pavilion Corporation.
- (v) The British Columbia Railway Corporation (BCRC) and BCR Properties Ltd. completed a transaction with Canadian National Railway Company (CN) on July 14, 2004. As a result of the transaction, the province and BCRC have provided commercial indemnities to CN with respect to the transaction and indemnities related to income tax attributes of BCRC at closing. As at March 31, 2010, the maximum present value (calculated at 9.00%) of amounts payable under the tax indemnities related to income tax attributes (excluding any reimbursement of professional fees, tax arrears, interest on taxes payable, if any, on indemnity payments) is approximately \$600 million (2009: \$550 million). These indemnities remain in effect until ninety days after the last date on which a tax assessment or reassessment can be issued in respect of the income tax attributes. Management believes it is unlikely that the province or BCRC will ultimately be held liable for any amounts under the commercial and tax indemnities.

#### (c) COMMITMENTS

The government is involved in the following major commitments:

##### *2010 Winter Olympics*

The 2010 Olympic and Paralympic Winter Games (the Games) were held from February 12 to February 28, and from March 12 to March 21, 2010. The winding down of operations for the Games was underway as of March 31, 2010.

On July 2, 2003, the International Olympic Committee (IOC) selected Vancouver to host the 2010 Olympic and Paralympic Winter Games. A comprehensive Multi-Party Agreement (MPA) among Canada, British Columbia, the City of Vancouver, the Resort Municipality of Whistler, the Canadian Olympic Committee, the Canadian Paralympic Committee, and the Vancouver 2010 Bid Corporation was signed November 14, 2002.

The MPA established the roles and relationships of all the parties, the contractual arrangements, financial contributions, legal responsibilities, and the sport legacies of the parties in relation to the Games. On September 30, 2003, the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) was incorporated as the successor organization to the Vancouver 2010 Bid Corporation. The province had the power to appoint three of the 20 board members to VANOC. VANOC's mandate was to plan, organize, finance, stage and host the Games. In addition, the province has provided a guarantee to the IOC of a potential financial shortfall of VANOC. The guarantee should not be relied on by parties other than the IOC.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 25. Contingencies and Contractual Obligations—Continued

The province made an initial commitment to contribute \$600 million towards the Games. This commitment was allocated as follows:

- Venues and live sites \$310 million
- Venues endowment legacy \$55 million
- Medical and security costs \$100 million
- Paralympic games \$20 million
- First Nations sports and municipal legacies \$36 million; and
- Olympic contingency allocations \$79 million

Under the MPA, Canada was responsible for providing Games security. In February 2009, the federal and provincial governments entered into new fiscal arrangements, whereby the province completed its security obligations under the original cost-sharing agreement by paying the federal government \$63.7 million. This represented the balance of the province's \$87.5 million security funding commitment. Canada agreed to assume complete responsibility of all operations and risks and provide the balance of the funding for Olympic Games security.

Under the new fiscal arrangements, the provincial government agreed to increase its share of joint federal/provincial major infrastructure costs by up to \$165 million over the next three years. As a result, the Olympic Games commitment rose to \$765 million.

The province incurred \$260 million in 2010 (2009: \$156 million; previous years: \$339 million) for a total to date of \$755 million at March 31, 2010.

Information about the Games may be found at the 2010 Olympic Games website: <http://www.vancouver2010.com> outside these audited statements, and at the BC Olympic and Paralympic Winter Games Secretariat <http://www.2010bcsecretariat.ca/> outside these audited statements.

The province upgraded the Sea-to-Sky Highway to coincide with the Games and the project achieved completion on September 29, 2009. The province incurred \$59 million in 2010 (2009: \$184 million). The total project cost incurred to date is \$785 million (2009: \$726 million), including interest during construction and accelerated rehabilitation work undertaken on existing assets. The contractual obligations related to the Sea-to-Sky Highway are included in section (d) of this note.

#### *Crown Corporations, Agencies and the SUCH Sector*

The province has committed to the construction of the \$885.3 million expansion to the Vancouver Convention Centre and other shared upgrades to adjacent facilities. The cost is to be shared by the province (\$540.7 million), the government of Canada (\$222.5 million), Tourism Vancouver (\$90 million), Vancouver Convention Centre's revenue generation program (\$30 million), and a separate commitment with Western Economic Diversification Canada (\$2.1 million). The contractual obligations related to the expansion of the Vancouver Convention Centre are included in section (d) of this note.

#### (d) CONTRACTUAL OBLIGATIONS

The government has entered into a number of multiple-year contracts for the delivery of services and the construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts. Contractual obligations are future-oriented financial information about non-discounted future cash payments for operating and capital contracts, and do not indicate when the related expenses will be recognized in the financial statements.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 25. Contingencies and Contractual Obligations—Continued

The following table presents the minimum amounts required to satisfy the contractual obligations, for contractual obligations that are greater than \$50 million, by sector, by year. Details are available as unaudited supplementary information on the public website at <http://www.fin.gov.bc.ca/pubs.htm>.

	In Millions						Total
	2011	2012	2013	2014	2015	2016 and beyond	
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies</b>							
Health.....	1,900	486	371	328	255	3,490	6,830
Education.....	190	79	20	3	1		293
Social services.....	237	43	2	1			283
Natural resources and economic development.....	303	114	48	36	29	190	720
Other.....	525	475	370	338	336	2,168	4,212
Protection of persons and property.....	296	281	3	3	3	24	610
Transportation.....	1,340	835	759	595	341	10,127	13,997
General government.....	439	419	392	356	173	471	2,250
	<u>5,230</u>	<u>2,732</u>	<u>1,965</u>	<u>1,660</u>	<u>1,138</u>	<u>16,470</u>	<u>29,195</u>
<b>Self-supported Crown corporations and agencies</b>							
Natural resources and economic development.....	1,683	1,298	1,201	1,061	1,013	15,414	21,670
Transportation.....	454	437	443	534	125		1,993
General government.....	29	27	24	20	16	67	183
	<u>2,166</u>	<u>1,762</u>	<u>1,668</u>	<u>1,615</u>	<u>1,154</u>	<u>15,481</u>	<u>23,846</u>
<b>Total.....</b>	<b><u>7,396</u></b>	<b><u>4,494</u></b>	<b><u>3,633</u></b>	<b><u>3,275</u></b>	<b><u>2,292</u></b>	<b><u>31,951</u></b>	<b><u>53,041</u></b>

### 26. Restricted Assets

	In Millions	
	2010	2009
	\$	\$
Endowment funds of universities and colleges.....	<u>1,303</u>	<u>1,211</u>

Donors have placed restrictions on their contributions to the endowment funds of universities and colleges. One restriction is that the original contribution should not be spent. Another potential restriction is that any investment income of the endowment fund that is required to offset the eroding effect of inflation or preserve the original value of the endowment should also not be spent.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 27. Taxation Revenue

	In Millions	
	2010	2009
	\$	\$
Personal income.....	5,529	6,093
Social service.....	4,765	4,958
Property.....	1,885	1,848
Corporate income.....	1,317	2,038
Other.....	3,606	3,260
	<u>17,102</u>	<u>18,197</u>

See notes at the end of the Schedule of Net Revenue by Source on page 114 for additional information on taxation revenue.

### 28. Expense

	In Millions	
	2010	2009
	\$	\$
<b>Total Expense by Group Account Classification</b>		
Salaries and benefits.....	15,753	15,482
Operating costs.....	9,614	9,420
Government transfers.....	8,996	8,786
Interest <sup>1</sup> .....	2,169	2,161
Amortization.....	1,902	1,760
Other.....	866	618
	<u>39,300</u>	<u>38,227</u>

<sup>1</sup>Includes foreign exchange loss amortization of \$2 million (2009: gain amortization of \$8 million).

### 29. Valuation Allowances

	In Millions	
	2010	2009
	\$	\$
Accounts receivable.....	125	136
Tangible capital assets.....	34	3
Loans, advances and mortgages receivable.....		21
Investments.....		30
	<u>159</u>	<u>190</u>

These amounts are included in "Other" of "Total Expense by Group Account Classification" in Note 28, and represent the write-down of assets and liabilities in the above Consolidated Statement of Financial Position categories.



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 30. Trusts Under Administration

	In Millions	
	2010	2009
	\$	\$
Public Guardian and Trustee of British Columbia <sup>1</sup>		
—administered by government officials.....	787	769
Supreme and provincial court (Suitors' Funds)		
—administered by the Courts.....	66	55
Credit Union Deposit Insurance Corporation of British Columbia <sup>2</sup>		
—administered by various government officials and a non-government investment corporation.....	307	287
Other trust funds		
—administered by various government officials.....	221	60
	<u>1,381</u>	<u>1,171</u>

<sup>1</sup>Public Guardian and Trustee of British Columbia information is draft and unaudited as at March 31, 2010.

<sup>2</sup>Credit Union Deposit Insurance Corporation of British Columbia financial statements are draft and unaudited as at March 31, 2010.

### 31. Significant Events

#### *Harmonized Sales Tax*

The province received \$250 million from the federal government for transitional funding related to the Harmonized Sales Tax.

### 32. Comparison to Estimates

The Estimates numbers on the Statement of Operations are taken from the Estimated Statement of Operations, the Estimated Revenue by Source, and the Estimated Expense by Function on pages 4 – 6 of the *Estimates, Fiscal Year Ending March 31, 2010*, presented to the Legislative Assembly September 1, 2009.

### 33. Comparatives

Comparative figures have been restated to conform with the current year's presentation. The effect of restatements on the previously reported operating result is disclosed in Note 24.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 34. Asset Retirement Obligations<sup>1</sup>

	In Millions	
	2010	2009
	\$	\$
<b>Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies</b>		
Health.....	13	14
Education.....	10	11
Other.....	3	3
Natural resources and economic development.....	6	8
	<b>32</b>	<b>36</b>
<b>Self-supported Crown corporations and agencies</b>		
Natural resources and economic development.....	58	5
Transportation.....	34	30
	<b>92</b>	<b>35</b>
	<b>124</b>	<b>71</b>

<sup>1</sup>The province recognizes asset retirement obligations where a reasonable estimate of the fair value of the obligation and the future settlement date of the retirement of the asset can be determined. Additional asset retirement obligation costs exist which have not been recognized because they cannot be reasonably estimated at this time.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2010—Continued

### 35. Government Partnerships

Canadian Blood Services owns and operates the national blood supply system for Canada, except for the province of Quebec. It is a government partnership amongst Canadian provinces and territories. The ministers of health for the provinces and territories, except Quebec, provide contributions to fund its operations. Its financial results are proportionately consolidated with those of the province based upon the province's share of its total provincial contributions (14.67%). The amounts included in these financial statements are as follows:

<b>Consolidated Statement of Financial Position</b>	In Millions	
	2010	2009
	\$	\$
Financial assets.....	71	69
Liabilities.....	102	102
<b>Net liabilities.....</b>	<b>(31)</b>	<b>(33)</b>
Non-financial assets.....	46	48
<b>Accumulated surplus (deficit).....</b>	<b>15</b>	<b>15</b>

<b>Consolidated Statement of Operations</b>	In Millions	
	2010	2009
	\$	\$
Revenue.....	150	137
Expenses.....	(149)	(136)
<b>Surplus (deficit) for the year.....</b>	<b>1</b>	<b>1</b>
Accumulated surplus (deficit)—beginning of year.....	15	14
<b>Accumulated surplus (deficit)—end of year.....</b>	<b>16</b>	<b>15</b>

### 36. Regulatory Accounting

Included in the Summary Financial Statements are entities that are regulated by the independent British Columbia Utilities Commission (the Commission). The Commission is responsible for regulating utilities in British Columbia which includes establishing tariffs, approving the construction of new facilities planned by utilities, and their issuance of securities. As an independent provincial agency, the operating results of the Commission are also included in the Summary Financial Statements.

Rate-regulation can result in the deferral and amortization of costs and recoveries to allow for adjustment of future rates. In the absence of rate-regulation, these amounts would otherwise be included in the determination of net income in the year the amounts are incurred. BC Hydro had unamortized net regulatory assets at the end of March 31, 2010 of \$1,713 million (2009: \$1,018 million). Regulatory accounting resulted in an increase to net income for BC Hydro for the year ended March 31, 2010 of \$696 million (2009: \$438 million). Further details are available in BC Hydro's financial statements outside these audited financial statements at <http://www.fin.gov.bc.ca/pubs.htm>.



**Summary Financial Statements**  
**Reporting Entity**  
**for the Fiscal Year Ended March 31, 2010**  
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS

**Consolidated Revenue Fund<sup>1</sup>**

**Health Sector**

BC Academic Health Council<sup>2</sup>  
Bella Coola General Hospital  
Canadian Blood Services<sup>3</sup>  
Fraser Health Authority  
Interior Health Authority  
Louis Brier Home and Hospital  
Menno Hospital  
Mount St. Mary Hospital  
Nisga'a Valley Health Authority  
Northern Health Authority  
Providence Health Care  
Provincial Health Services Authority  
RW Large Memorial Hospital  
Shared Services Organization Administration Society<sup>2</sup>  
St Joseph's General Hospital  
St Michael's Centre  
Vancouver Coastal Health Authority  
Vancouver Island Health Authority  
Wrinch Memorial Hospital

**Education Sector**

British Columbia Institute of Technology  
Camosun College  
Capilano University  
College of New Caledonia  
College of the Rockies  
Douglas College  
Emily Carr University of Art & Design  
Industry Training Authority  
Institute of Indigenous Government  
Justice Institute of British Columbia  
Knowledge Network Corporation  
Kwantlen Polytechnic University  
Langara College  
Leading Edge Endowment Fund  
Nicola Valley Institute of Technology  
North Island College  
Northern Lights College  
Northwest Community College  
Okanagan College  
Okanagan University College

**Summary Financial Statements**  
**Reporting Entity**  
**for the Fiscal Year Ended March 31, 2010—Continued**  
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS

**Education Sector—Continued**

Private Career Training Institutions Agency  
Royal Roads University  
School Districts  
Selkirk College  
Simon Fraser University  
Thompson Rivers University  
The University of British Columbia  
University of the Fraser Valley  
University of Northern British Columbia  
University of Victoria  
Vancouver Community College  
Vancouver Island University

**Natural Resources and Economic Development Sector**

BC Immigrant Investment Fund Ltd  
B.C. Pavilion Corporation  
British Columbia Enterprise Corporation  
British Columbia Innovation Council  
Columbia Basin Trust  
Creston Valley Wildlife Management Authority Trust Fund  
Forestry Innovation Investment Ltd  
Nechako–Kitimaat Development Fund Society  
Oil and Gas Commission  
Pacific Carbon Trust  
Partnerships British Columbia Inc  
Tourism British Columbia

**Transportation Sector**

BC Transportation Financing Authority  
British Columbia Transit  
Rapid Transit Project 2000 Ltd

**Protection of Persons and Property**

British Columbia Securities Commission  
Organized Crime Agency of British Columbia Society

**Social Services Sector**

Community Living British Columbia  
Legal Services Society

**Summary Financial Statements**  
**Reporting Entity**  
**for the Fiscal Year Ended March 31, 2010—Continued**  
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS

**Other Sector**

BC Games Society  
British Columbia Arts Council<sup>4</sup>  
British Columbia Assessment Authority  
British Columbia Housing Management Commission  
First Peoples' Heritage, Language and Culture Council  
Homeowner Protection Office  
Provincial Rental Housing Corporation  
The Royal British Columbia Museum Corporation

SELF-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ENTERPRISES)  
RECORDED ON A MODIFIED EQUITY BASIS

BCIF Management Ltd<sup>5</sup>  
British Columbia Hydro and Power Authority<sup>5</sup>  
British Columbia Liquor Distribution Branch<sup>6</sup>  
British Columbia Lottery Corporation<sup>6</sup>  
British Columbia Railway Company<sup>7</sup>  
British Columbia Transmission Corporation<sup>5</sup>  
Columbia Power Corporation<sup>5</sup>  
Insurance Corporation of British Columbia<sup>8</sup>  
Provincial Capital Commission<sup>9</sup>  
Transportation Investment Corporation<sup>7</sup>

<sup>1</sup>The Consolidated Revenue Fund has been allocated to the appropriate sector on the Consolidated Statement of Financial Position by Sector (page 84) and Consolidated Statement of Operations by Sector (page 88).

<sup>2</sup>These organizations were included in operations for the first time during this fiscal year.

<sup>3</sup>This organization reflects a government partnership amongst Canadian provinces and is proportionally consolidated based upon the province's share (14.67%) of the total provincial contributions to the partnership.

<sup>4</sup>This organization has ceased to be reported as a Crown corporation and will be reported only as part of the Consolidated Revenue Fund.

<sup>5</sup>These organizations were included in the Natural Resources and Economic Development Sector results.

<sup>6</sup>These organizations were included in the General Government Sector results.

<sup>7</sup>These organizations were included in the Transportation Sector results.

<sup>8</sup>This organization was included in the Protection of Persons and Property Sector results.

<sup>9</sup>This organization was included in the Other Sector results.

## Summary Financial Statements

### Consolidated Statement of Financial Position by Sector as at March 31, 2010

	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Financial Assets</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents.....	367	450	1,297	1,552	8	2	(46)	1,344	208	308
Temporary investments.....	277	294	319	444	11	6			187	264
Warehouse Borrowing Program investments.....								2,081		
Accounts receivable.....	258	367	237	231	57	65	229	248	339	317
Inventories for resale.....	1	1	28	29					8	7
Due from the Province of British Columbia.....	1	1	7	5	3	1			9	9
Due from other governments.....	59	56	74	59	24	22			82	81
Due from self-supported Crown corporations and agencies.									65	14
Equity in self-supported Crown corporations and agencies.									3,097	2,577
Loans, advances and mortgages receivable.....	8	8	699	632					217	122
Other investments.....	132	150	2,640	2,132	4	12	9	9	392	385
Sinking fund investments.....			74	65			1,329	2,134		
Loans for purchase of assets, recoverable from agencies.....							16,389	13,415		
	<u>1,103</u>	<u>1,327</u>	<u>5,375</u>	<u>5,149</u>	<u>107</u>	<u>108</u>	<u>17,910</u>	<u>19,231</u>	<u>4,604</u>	<u>4,084</u>



**Summary Financial Statements**  
**Consolidated Statement of Financial Position by Sector—Continued**  
**as at March 31, 2010**

In Millions

	Other <sup>2</sup>		Protection of Persons and Property		Transportation		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>												
Cash and cash equivalents.....	88	455	22	20	145	149	(80)	(173)			2,009	4,107
Temporary investments.....	92	93	18	18							904	1,119
Warehouse Borrowing Program investments.....											0	2,081
Accounts receivable.....	38	35	84	76	63	36	1,352	1,313	(82)	(78)	2,575	2,610
Inventories for resale.....			2	9			12	11			51	57
Due from the Province of British Columbia.....	1				2	3			(23)	(19)	0	0
Due from other governments.....	47	13	50	44	49	51	508	147			893	473
Due from self-supported Crown corporations and agencies.							143	202			208	216
Equity in self-supported Crown corporations and agencies.	15	15	3,755	2,743	364	393			(179)	(97)	7,231	5,728
Loans, advances and mortgages receivable.....	240	225	1	1			341	298			1,327	1,189
Other investments.....	424	52			76	75			(745)	(621)	3,677	2,815
Sinking fund investments.....					671	556			(4,918)	(4,266)	1,329	2,134
Loans for purchase of assets, recoverable from agencies.....							2,276	1,798	(5,947)	(5,081)	11,471	9,149
	<b>945</b>	<b>888</b>	<b>3,932</b>	<b>2,911</b>	<b>1,370</b>	<b>1,263</b>	<b>2,276</b>	<b>1,798</b>	<b>(5,947)</b>	<b>(5,081)</b>	<b>31,675</b>	<b>31,678</b>

**Summary Financial Statements**  
**Consolidated Statement of Financial Position by Sector—Continued**  
**as at March 31, 2010**

	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Liabilities</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	2,143	2,522	1,159	1,130	138	147	522	537	617	742
Due to other governments.....	44	57	18	20					10	2
Due to Crown corporations, agencies and trust funds.....	8	6	1	2						
Due to the Province of British Columbia.....					7	5			1	
Deferred revenue.....	1,651	1,636	1,849	1,677	1	17	148	157	4,911	4,828
Employee pension plans.....			50							
Taxpayer-supported debt.....	912	696	914	925	6	10	28,413	25,734	396	370
Self-supported debt.....							11,552	11,330		
	4,758	4,917	3,991	3,754	152	179	40,635	37,758	5,935	5,942
	(3,655)	(3,590)	1,384	1,395	(45)	(71)	(22,725)	(18,527)	(1,331)	(1,858)
Net assets (liabilities).....										
<b>Non-financial Assets</b>										
Tangible capital assets.....	5,655	5,226	11,795	11,312	88	61			2,101	1,980
Prepaid program costs.....	227	193	34	29	4	18			141	140
Other assets.....	28	1	21	20			311	287	2	2
	5,910	5,420	11,850	11,361	92	79	311	287	2,244	2,122
Accumulated surplus (deficit).....	2,255	1,830	13,234	12,756	47	8	(22,414)	(18,240)	913	264

**Summary Financial Statements**  
**Consolidated Statement of Financial Position by Sector—Continued**  
**as at March 31, 2010**

In Millions

	Other <sup>2</sup>		Protection of Persons and Property		Transportation		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Liabilities</b>												
Accounts payable and accrued liabilities.....	164	239	290	294	288	255	847	859	(100)	(90)	6,068	6,635
Due to other governments.....	54	14	87	87	133		461	524			807	704
Due to Crown corporations, agencies and trust funds.....	67	73							(10)	(9)	66	72
Due to the Province of British Columbia.....	2								(10)	(5)	0	0
Deferred revenue.....	231	131	374	387	818	577	14	22	(1)	(1)	9,997	9,431
Employee pension plans.....							3	3			53	3
Taxpayer-supported debt.....	331	353	6	8	6,040	5,255	3	7	(5,852)	(4,992)	31,169	28,366
Self-supported debt.....											11,552	11,330
	<u>849</u>	<u>810</u>	<u>757</u>	<u>776</u>	<u>7,279</u>	<u>6,087</u>	<u>1,328</u>	<u>1,415</u>	<u>(5,972)</u>	<u>(5,097)</u>	<u>59,712</u>	<u>56,541</u>
Net assets (liabilities).....	<u>96</u>	<u>78</u>	<u>3,175</u>	<u>2,135</u>	<u>(5,909)</u>	<u>(4,824)</u>	<u>948</u>	<u>383</u>	<u>25</u>	<u>16</u>	<u>(28,037)</u>	<u>(24,863)</u>
<b>Non-financial Assets</b>												
Tangible capital assets.....	934	810	54	70	10,929	10,340	828	869	(13)	(13)	32,371	30,655
Prepaid program costs.....	24	19	1	1	2	3	126	54			559	457
Other assets.....		1			41	27			(24)	(15)	379	323
	<u>958</u>	<u>830</u>	<u>55</u>	<u>71</u>	<u>10,972</u>	<u>10,370</u>	<u>954</u>	<u>923</u>	<u>(37)</u>	<u>(28)</u>	<u>33,309</u>	<u>31,435</u>
<b>Accumulated surplus (deficit).....</b>	<u>1,054</u>	<u>908</u>	<u>3,230</u>	<u>2,206</u>	<u>5,063</u>	<u>5,546</u>	<u>1,902</u>	<u>1,306</u>	<u>(12)</u>	<u>(12)</u>	<u>5,272</u>	<u>6,572</u>

<sup>1</sup>Debt servicing represents the financial impacts of activities related to management of the public debt.

<sup>2</sup>The Other Sector consists of those expenditures which cannot be otherwise allocated.

<sup>3</sup>Includes the Legislature, tax collection and administration, Canadian Health and Social Transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.

<sup>4</sup>Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

## Summary Financial Statements

### Consolidated Statement of Operations by Sector for the Fiscal Year Ended March 31, 2010

	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenue</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....	167	199	1,067	590	62	108			54	57
Contributions from the federal government.....	1,897	1,891	1,273	1,191					114	134
Fees and licences.....									107	121
Contributions from the provincial government/ self-supported Crown corporations and agencies.....	41	42	197	179	14	11			506	417
Miscellaneous.....	801	787	1,267	1,195	13	14			93	125
Natural resources.....									2,646	3,807
Investment income.....	14	28	186	6	2	4	866	881	45	47
<b>Total revenue.....</b>	<b>2,920</b>	<b>2,947</b>	<b>3,990</b>	<b>3,161</b>	<b>91</b>	<b>137</b>	<b>866</b>	<b>881</b>	<b>3,565</b>	<b>4,708</b>

**Summary Financial Statements**  
**Consolidated Statement of Operations by Sector—Continued**  
**for the Fiscal Year Ended March 31, 2010**

In Millions

	Other <sup>2</sup>		Protection of Persons and Property		Transportation		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Revenue</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....	74	70			488	475	16,486	17,595			17,102	18,197
Contributions from the federal government.....	210	158	139	138	34	31	5,124	4,627			6,917	5,985
Fees and licences.....	16	16	689	692	53	91	84	5			4,119	4,007
Contributions from the provincial government/ self-supported Crown corporations and agencies.....	66	19	601	513	8	38	1,947	1,973	(360)	(288)	3,020	2,904
Miscellaneous.....	106	81	161	154	83	29	296	278	(66)	(78)	2,754	2,585
Natural resources.....											2,646	3,807
Investment income.....	18	15	1	2	39	38	2	8	(210)	(212)	963	817
<b>Total revenue.....</b>	<b>490</b>	<b>359</b>	<b>1,591</b>	<b>1,499</b>	<b>705</b>	<b>702</b>	<b>23,939</b>	<b>24,486</b>	<b>(636)</b>	<b>(578)</b>	<b>37,521</b>	<b>38,302</b>

**Summary Financial Statements**  
**Consolidated Statement of Operations by Sector—Continued**  
**for the Fiscal Year Ended March 31, 2010**

	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Expense</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	6,029	5,944	7,444	7,119	380	407			587	562
Operating costs.....	4,890	4,689	1,752	1,796	867	888			905	715
Government transfers.....	4,072	3,998	1,093	769	2,115	1,950			259	291
Interest.....	38	36	54	56			2,017	2,033	10	10
Amortization.....	539	497	626	597	17	15			99	76
Other.....	179	172	182	211	27	36			148	134
<b>Operating expense.....</b>	<b>15,747</b>	<b>15,336</b>	<b>11,151</b>	<b>10,548</b>	<b>3,406</b>	<b>3,296</b>	<b>2,017</b>	<b>2,033</b>	<b>2,008</b>	<b>1,788</b>
<b>Surplus (deficit) for the Fiscal Year ended March 31.....</b>	<b>(12,827)</b>	<b>(12,389)</b>	<b>(7,161)</b>	<b>(7,387)</b>	<b>(3,315)</b>	<b>(3,159)</b>	<b>(1,151)</b>	<b>(1,152)</b>	<b>1,557</b>	<b>2,920</b>

**Summary Financial Statements**  
**Consolidated Statement of Operations by Sector—Continued**  
**for the Fiscal Year Ended March 31, 2010**

In Millions

	Other <sup>2</sup>		Protection of Persons and Property		Transportation		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Expense</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	136	135	658	650	153	151	366	514			15,753	15,482
Operating costs.....	149	181	291	345	687	777	77	37	(4)	(8)	9,614	9,420
Government transfers.....	982	1,313	578	582	139	66	41	30	(283)	(213)	8,996	8,786
Interest.....	13	16			246	222			(209)	(212)	2,169	2,161
Amortization.....	31	28	20	19	465	428	105	100			1,902	1,760
Other.....	184	13	18	22	33	4	235	169	(140)	(143)	866	618
<b>Operating expense.....</b>	<b>1,495</b>	<b>1,686</b>	<b>1,565</b>	<b>1,618</b>	<b>1,723</b>	<b>1,648</b>	<b>824</b>	<b>850</b>	<b>(636)</b>	<b>(576)</b>	<b>39,300</b>	<b>38,227</b>
<b>Surplus (deficit) for the Fiscal Year ended March 31.....</b>	<b>(1,005)</b>	<b>(1,327)</b>	<b>26</b>	<b>(119)</b>	<b>(1,018)</b>	<b>(946)</b>	<b>23,115</b>	<b>23,636</b>	<b>0</b>	<b>(2)</b>	<b>(1,779)</b>	<b>75</b>

<sup>1</sup>Debt servicing represents the financial impacts of activities related to management of the public debt.

<sup>2</sup>The Other Sector consists of those expenditures which cannot be otherwise allocated.

<sup>3</sup>Includes the Legislature, tax collection and administration, Canadian Health and Social Transfers from the federal government, liquor and gaming profits, general administration and central agency services such as accounting, auditing, budgeting, insurance and risk management to all sectors.

<sup>4</sup>Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors.

## Summary Financial Statements Statement of Financial Position for Self-supported Crown Corporations and Agencies<sup>1</sup> as at March 31, 2010

	In Millions					
	Other <sup>2</sup>	Natural Resources and Economic Development <sup>3</sup>	Protection of Persons and Property <sup>4</sup>	Transpor- tation <sup>5</sup>	General Government <sup>6</sup>	2009 Total <sup>7</sup>
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash and cash equivalents.....	2	28	10	329	65	434
Accounts receivable.....		661	1,095	4	35	1,795
Inventories.....		114		24	99	237
Other investments.....		183	11,350			11,533
Tangible capital assets.....	18	14,595	93	1,263	226	16,195
Other assets.....		3,170	212	88	42	3,512
<b>Total Assets.....</b>	<b>20</b>	<b>18,751</b>	<b>12,760</b>	<b>1,708</b>	<b>467</b>	<b>33,706</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities.....	1	2,701	7,300	466	263	10,731
Deferred revenue.....	4	1,916	1,705	312		3,937
Due to Province of British Columbia.....		65			143	208
Debt due to Province of British Columbia.....		10,871		566		11,437
Other debt.....		101			61	162
	5	15,654	9,005	1,344	467	26,475
<b>Equity</b>						
Investment by the Consolidated Revenue Fund.....		296		257		553
Other comprehensive income.....		53	386	(27)		412
Unremitted earnings—end of year.....	15	2,748	3,369	134		6,266
	15	3,097	3,755	364	0	7,231
<b>Total Liabilities and Equity.....</b>	<b>20</b>	<b>18,751</b>	<b>12,760</b>	<b>1,708</b>	<b>467</b>	<b>33,706</b>
						<b>29,935</b>

<sup>1</sup>These statements include related party transactions between self-supported Crown corporations and agencies. No elimination entries are recorded between self-supported Crown corporations and agencies for these transactions.

<sup>2</sup>Provincial Capital Commission.

<sup>3</sup>British Columbia Hydro and Power Authority, British Columbia Transmission Corporation, Columbia Power Corporation and BCIF Management Ltd.

<sup>4</sup>Insurance Corporation of British Columbia.

<sup>5</sup>British Columbia Railway Company and Transportation Investment Corporation.

<sup>6</sup>British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

<sup>7</sup>British Columbia Hydro and Power Authority made a revision to prior year for changes in accounting standards. These changes have resulted in assets decreasing by \$39 million, liabilities decreasing by \$29 million, equity decreasing by \$9 million and expenses increasing by \$1 million for 2008/09. Reclassification of deferred revenue and accounts payable was done for British Columbia Hydro and Power Authority for fiscal 2008/09 in the amount of \$626 million. British Columbia Lottery Corporation restated cash and accounts receivable for fiscal 2008/09 in the amount of \$42 million. Reclassifications between cash and other investments for \$10,018 million have been made for Columbia Power Corporation and ICBC for 2008/09.



## Summary Financial Statements Summary of Results of Operations and Statement of Equity for Self-supported Crown Corporations and Agencies<sup>1</sup> for the Fiscal Year Ended March 31, 2010

	In Millions					
	Other <sup>2</sup>	Natural Resources and Economic Development <sup>3</sup>	Protection of Persons and Property <sup>4</sup>	Transpor- tation <sup>5</sup>	General Government <sup>6</sup>	2009 Total <sup>8</sup>
\$	\$	\$	\$	\$	\$	\$
Revenue.....	4	4,110	4,286	40	5,386	13,968
Expense.....	4	3,636	3,685	42	3,439	11,064
Net earnings of self-supported Crown corporations and agencies.....	0	474	601	(2)	1,947	2,904
Contributions paid to the Consolidated Revenue Fund.....		(49)			(1,721)	(1,719)
Adjustments to contributions <sup>7</sup> .....					(226)	(256)
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	0	425	601	(2)	0	1,024
Unremitted earnings—beginning of year.....	15	2,333	2,768	136	5,252	4,322
Adjustments to unremitted earnings.....		(10)			(10)	(9)
Unremitted earnings—end of year.....	15	2,748	3,369	134	0	6,266
Accumulated other comprehensive income—beginning of year.....		(42)	(25)		(67)	365
Other comprehensive income.....		95	411	(27)	479	(432)
Accumulated other comprehensive income—end of year.....	0	53	386	(27)	0	412
Investment by the Consolidated Revenue Fund.....		296		257		553
<b>Equity in self-supported Crown corporations and agencies for the year.....</b>	<b>15</b>	<b>3,097</b>	<b>3,755</b>	<b>364</b>	<b>0</b>	<b>7,231</b>
						<b>5,728</b>

<sup>1</sup>These statements include related party transactions between self-supported Crown corporations and agencies. No elimination entries are recorded between self-supported Crown corporations and agencies for these transactions.

<sup>2</sup>Provincial Capital Commission.

<sup>3</sup>British Columbia Hydro and Power Authority, British Columbia Transmission Corporation, Columbia Power Corporation, and BCIF Management Ltd.

<sup>4</sup>Insurance Corporation of British Columbia.

<sup>5</sup>British Columbia Railway Company and Transportation Investment Corporation.

<sup>6</sup>British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

<sup>7</sup>The adjustments are for British Columbia Lottery Corporation transfers to charities and local governments, which is shown as a recovery by the Consolidated Revenue Fund.

<sup>8</sup>British Columbia Hydro and Power Authority made a revision to prior year for changes in accounting standards. These changes have resulted in assets decreasing by \$39 million, liabilities decreasing by \$29 million, equity decreasing by \$9 million and expenses increasing by \$1 million for 2008/09.

## Summary Financial Statements Consolidated Statement of Tangible Capital Assets<sup>1</sup> for the Fiscal Year Ended March 31, 2010

	In Millions							2009 Total
	Land and Land Improvements	Building	Highway Infrastructure	Transport – Equipment	Computer Hardware/ Software	Other <sup>3</sup>	2010 Total	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Historical Cost<sup>2</sup></b>								
Opening Cost.....	3,946	21,963	13,678	2,730	2,776	5,523	50,616	47,290
Additions.....	285	1,771	822	150	286	440	3,754	3,778
Disposals and valuation adjustments.....	(8)	(133)	(22)	(24)	(81)	(453)	(721)	(452)
	<u>4,223</u>	<u>23,601</u>	<u>14,478</u>	<u>2,856</u>	<u>2,981</u>	<u>5,510</u>	<u>53,649</u>	<u>50,616</u>
<b>Accumulated Amortization</b>								
Opening balance.....	(182)	(7,620)	(6,082)	(877)	(1,599)	(3,601)	(19,961)	(18,552)
Amortization expense.....	(14)	(621)	(407)	(89)	(326)	(445)	(1,902)	(1,760)
Effect of disposals and valuation adjustments.....	4	96	10	6	80	389	585	351
	<u>(192)</u>	<u>(8,145)</u>	<u>(6,479)</u>	<u>(960)</u>	<u>(1,845)</u>	<u>(3,657)</u>	<u>(21,278)</u>	<u>(19,961)</u>
<b>Net book value for the year ended</b>								
March 31, 2010.....	<u>4,031</u>	<u>15,456</u>	<u>7,999</u>	<u>1,896</u>	<u>1,136</u>	<u>1,853</u>	<u>32,371</u>	
<b>Net book value for the year ended</b>								
March 31, 2009.....	<u>3,764</u>	<u>14,342</u>	<u>7,596</u>	<u>1,853</u>	<u>1,177</u>	<u>1,923</u>		<u>30,655</u>

<sup>1</sup>This statement includes assets that are held on capital leases at March 31, 2010 at a gross value of \$428 million less accumulated amortization of \$(178) million for a net book value totalling \$250 million (2009: gross value of \$432 million less accumulated amortization of \$(161) million for a net book value of \$271 million) comprised of: heavy equipment gross \$5 million less accumulated amortization \$(2) million for a net book value of \$3 million (2009: gross \$11 million less accumulated amortization \$(12) million for a net book value of \$(1) million); vehicles gross \$83 million less accumulated amortization \$(46) million for a net book value of \$37 million (2009: gross \$90 million less accumulated amortization \$(41) million for a net book value of \$49 million); computer hardware/software gross \$145 million less accumulated amortization \$(89) million for a net book value of \$56 million (2009: gross \$142 million less accumulated amortization \$(75) million for a net book value of \$67 million); buildings gross \$156 million less accumulated amortization \$(14) million for a net book value of \$142 million (2009: gross \$155 million less accumulated amortization \$(11) million for a net book value of \$144 million); ferries gross \$6 million less accumulated amortization \$(1) million for a net book value of \$5 million (2009: gross \$6 million less accumulated amortization \$(1) million for a net book value of \$5 million) and other assets gross \$33 million less accumulated amortization \$(26) million for a net book value of \$7 million (2009: gross \$28 million less accumulated amortization \$(21) million for a net book value of \$7 million).

<sup>2</sup>Historical cost includes work-in-progress at March 31, 2010 totalling \$2,802 million (2009: \$2,734 million) comprised of: buildings \$1,794 million (2009: \$1,242 million); land improvements \$41 million (2009: \$24 million); highway infrastructure \$617 million (2009: \$1,006 million); transportation equipment \$18 million (2009: \$26 million); computer hardware/software \$309 million (2009: \$410 million); and specialized equipment \$23 million (2009: \$26 million). Work-in-progress is not amortized. Work-in-progress includes capitalized interest expense at March 31, 2010 totalling \$22 million (2009: \$39 million).

<sup>3</sup>"Other" at net book value includes office furniture and equipment \$697 million (2009: \$918 million), vehicles \$86 million (2009: \$88 million), machinery \$874 million (2009: \$691 million) and miscellaneous \$196 million (2009: \$226 million).

## Summary Financial Statements

### Consolidated Statement of Guaranteed Debt as at March 31, 2010

Guaranteed debt represents the debt of organizations that has been explicitly guaranteed or indemnified by the government under the authority of a statute as to net principal or redemption provisions. These organizations may include municipalities and other governments, private enterprises and individuals, minority interests of provincial Crown corporations and agencies, and SUCH<sup>1</sup> sector entities.

	In Millions			
	2010		2009	
	Maximum Guarantee Authorized \$	Net Outstanding \$	Maximum Guarantee Authorized \$	Net Outstanding \$
<b>Taxpayer-supported Guaranteed Debt</b>				
Government services:				
<i>Homeowner Protection Act</i> loan guarantees <sup>2</sup> .....	375	72	375	82
Subtotal, government services.....	375	72	375	82
Health and education:				
<i>Financial Administration Act</i> student aid loans.....	3	3	5	5
SUCH <sup>1</sup> sector loan guarantees.....	1		1	1
Subtotal, health and education.....	4	3	6	6
Economic development:				
Columbia Basin Trust joint venture co-venturer debt.....	5	5	6	6
<i>Financial Administration Act</i> :				
Feeder Association Loan Guarantees Program.....	10	2	10	2
Miscellaneous guarantees less than \$1 million.....			1	1
<i>Home Mortgage Assistance Program Act</i> mortgages.....	2	2	2	2
Subtotal, economic development.....	17	9	19	11
Total taxpayer-supported guaranteed debt.....	396	84	400	99
<b>Self-supported Guaranteed Debt</b>				
Total self-supported guaranteed debt <sup>3</sup> .....	10	10	10	10
Grand total, all guaranteed debt.....	406	94	410	109
Provision for probable payout.....		(6)		(7)
<b>Net total, all guaranteed debt.....</b>	<b>406</b>	<b>88</b>	<b>410</b>	<b>102</b>

<sup>1</sup>School districts, universities, colleges and health authorities/hospital societies.

<sup>2</sup>*Homeowner Protection Act* loan guarantees include indemnities provided to Canadian Mortgage and Housing Corporation (CMHC) for any claims made on reconstruction loans made to homeowners for repairs to homes with premature building envelope failure.

<sup>3</sup>The government has unconditionally guaranteed the payment of principal and interest for \$10 million (2009: \$10 million) of debentures issued to the Canada Pension Plan Investment Fund that matures on August 9, 2024 with a coupon rate of 5.54%.

