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*Summary Financial Statements*

*Province of British Columbia*

*For the Fiscal Year Ended  
March 31, 2016*



## *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 the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA. 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:



MICHAEL DE JONG

Chair, Treasury Board



## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying summary financial statements of the Government of the Province of British Columbia (the Government), which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, change in net liabilities and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Government's Responsibility for the Summary Financial Statements***

Government is responsible for the preparation and fair presentation of these summary financial statements in accordance with the *Budget and Transparency Accountability Act* as set out in note 1(a) to the summary financial statements, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor General's Responsibility***

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

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

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### ***Basis for Qualified Opinion***

#### ***Inappropriate deferral of revenues***

Government's accounting treatment for funds received from other governments and for externally restricted funds received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized.

In this respect, the summary financial statements are not in accordance with Canadian public sector accounting standards which require that (i) transfers from other governments be recorded as revenues, except when the transfer meets the definition of a liability for the recipient government, and (ii) externally restricted funds received from non-government sources be recorded as revenue in the period in which the funds are used for the purpose(s) specified.

Had government made an adjustment, when this was first brought to its attention, for those funds received that in my opinion do not meet the definition of a liability or which have already been used for the purpose(s) specified, liabilities as at March 31, 2016, would have been less by \$4,243 million, the accumulated surplus at the beginning of the year would have been greater by \$4,240 million and current year revenue would have been greater by \$3 million.

### ***Qualified Opinion***

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the 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, 2016, and the results of its operations, change in its net liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Report on Other Legal and Regulatory Requirements***

I report that, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the summary financial statements are presented in compliance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.

Victoria, British Columbia  
July 4, 2016



Carol Bellringer, FCPA, FCA  
Auditor General



**Summary Financial Statements**  
**Consolidated Statement of Financial Position**  
**as at March 31, 2016**

	Note	In Millions	
		2016 \$	2015 \$
<b>Financial Assets</b>			
Cash and cash equivalents.....		3,460	3,237
Temporary investments.....		433	439
Accounts receivable.....	3	3,761	3,489
Inventories for resale.....	4	77	70
Due from other governments.....	5	916	896
Due from self-supported Crown corporations and agencies.....	6	654	633
Equity in self-supported Crown corporations and agencies.....	7	7,499	8,271
Loans, advances and mortgages receivable.....	8	1,989	1,902
Other investments.....	9	2,254	2,131
Sinking fund investments.....	10	1,580	977
Loans for purchase of assets, recoverable from agencies.....	11	22,074	20,624
		<u>44,697</u>	<u>42,669</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities.....	12	5,774	5,369
Employee future benefits.....	13	2,069	1,921
Due to other governments.....	14	419	711
Due to Crown corporations, agencies and trust funds.....	15	63	50
Deferred revenue.....	16	9,709	9,765
Employee pension plans.....	17	246	261
Taxpayer-supported debt.....	18	44,127	42,693
Self-supported debt.....	19	21,925	20,465
		<u>84,332</u>	<u>81,235</u>
Net assets (liabilities).....	21	<u>(39,635)</u>	<u>(38,566)</u>
<b>Non-financial Assets</b>			
Tangible capital assets.....	22	40,282	39,028
Restricted assets.....	23	1,631	1,553
Prepaid program costs.....	24	891	881
Other assets.....	25	210	400
		<u>43,014</u>	<u>41,862</u>
Accumulated surplus (deficit).....	26	<u>3,379</u>	<u>3,296</u>
Measurement uncertainty.....	2		
Contingencies and contractual obligations.....	27		
Significant events.....	38		
Subsequent events.....	39		

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

Prepared in accordance with Canadian generally accepted accounting principles.

  
STUART NEWTON  
Comptroller General

## Summary Financial Statements

### Consolidated Statement of Operations

#### for the Fiscal Year Ended March 31, 2016

	In Millions		
	2016	2015	
	Estimates (Note 33) \$	Actual \$	Actual \$
<b>Revenue</b>			
Taxation (Note 28).....	23,126	24,326	23,056
Contributions from the federal government.....	7,646	7,647	7,279
Fees and licenses.....	5,634	5,836	5,425
Miscellaneous.....	3,161	3,298	2,860
Net earnings of self-supported Crown corporations and agencies (Note 7).....	2,904	2,702	3,371
Natural resources (Note 29).....	2,757	2,571	2,937
Investment income.....	1,137	1,226	1,203
	<u>46,365</u>	<u>47,606</u>	<u>46,131</u>
<b>Expense (Note 30)</b>			
Health .....	19,061	19,203	18,370
Education .....	12,190	12,212	11,827
Social services.....	4,009	4,106	3,847
Interest.....	2,648	2,786	2,498
Natural resources and economic development.....	1,867	2,562	2,191
Transportation .....	1,713	1,670	1,608
Other .....	1,640	1,264	1,288
Protection of persons and property.....	1,423	1,572	1,451
General government.....	1,280	1,501	1,359
	<u>45,831</u>	<u>46,876</u>	<u>44,439</u>
Surplus (deficit) for the year before unusual items.....	534	730	1,692
Forecast allowance.....	(250)		
<b>Surplus (deficit) for the year.....</b>	<u><u>284</u></u>	<u>730</u>	<u>1,692</u>
Accumulated surplus (deficit)—beginning of year as restated (Note 26).....		<u>3,073</u>	1,381
<b>Accumulated surplus (deficit)—before other comprehensive income.....</b>		<u>3,803</u>	<u>3,073</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—beginning of year.....		223	481
Other comprehensive income from self-supported Crown corporations and agencies (see page 95).....		<u>(647)</u>	<u>(258)</u>
<b>Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—end of year.....</b>		<u>(424)</u>	<u>223</u>
<b>Accumulated surplus (deficit)—end of year.....</b>		<u><u>3,379</u></u>	<u><u>3,296</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, 2016

	In Millions		
	2016		2015
	Estimates \$	Actual \$	Actual \$
Surplus (deficit) for the year.....	284	730	1,692
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets.....	(3,731)	(3,457)	(3,407)
(Gain) or loss on sale of tangible capital assets.....	(483)	(372)	(135)
Amortization of tangible capital assets.....	2,112	2,086	2,080
Disposals and valuation adjustments.....	480	489	212
	<u>(1,622)</u>	<u>(1,254)</u>	<u>(1,250)</u>
Effect of change in:			
Restricted assets.....	(54)	(78)	(60)
Prepaid program costs.....	87	(10)	(106)
Other assets.....	4	190	132
	<u>37</u>	<u>102</u>	<u>(34)</u>
Effect of self-supported Crown corporations' and agencies' other comprehensive income.....	30	(647)	(258)
(Increase) decrease in net liabilities.....	(1,271)	(1,069)	150
Net (liabilities)—beginning of year.....	<u>(39,784)</u>	<u>(38,566)</u>	<u>(38,716)</u>
<b>Net (liabilities)—end of year (Note 21).....</b>	<b><u>(41,055)</u></b>	<b><u>(39,635)</u></b>	<b><u>(38,566)</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, 2016

	In Millions			2015
	2016			
	Receipts	Disbursements	Net	Net
	\$	\$	\$	\$
<b>Operating Transactions</b>				
Surplus (deficit) for the year <sup>1</sup> .....			730	1,692
Non-cash items included in surplus (deficit):				
Amortization of tangible capital asset.....			2,086	2,080
Amortization of public debt deferred revenue and deferred charges ...			102	(361)
Concessionary loan adjustments (decrease).....			(11)	(12)
(Gain) or loss on sale of tangible capital assets.....			(372)	(135)
Valuation adjustment.....			231	204
Net earnings of self-supported Crown corporations and agencies.....			(2,702)	(3,371)
Temporary investments decrease (increase).....			6	(19)
Accounts receivable (increase).....			(462)	(210)
Due from other governments (increase).....			(20)	(106)
Due from self-supported Crown corporations and agencies (increase) decrease.....			(21)	215
Accounts payable and accrued liabilities increase.....			405	235
Employee future benefits increase.....			148	51
Due to other governments (decrease).....			(292)	(331)
Due to Crown corporations, agencies and funds increase.....			13	12
Employee pension plan (decrease) increase.....			(15)	47
Items applicable to future operations increase.....			65	100
Contributions from self-supported Crown corporations and agencies ...			<u>2,858</u>	<u>2,651</u>
Cash derived from operations.....			<u>2,749</u>	<u>2,742</u>
<b>Capital Transactions</b>				
Tangible capital assets dispositions (acquisitions).....	482	(3,457)	(2,975)	(3,196)
Cash (used for) capital.....	<u>482</u>	<u>(3,457)</u>	<u>(2,975)</u>	<u>(3,196)</u>
<b>Investment Transactions</b>				
Investment in self-supported Crown corporations and agencies.....		(31)	(31)	30
Loans, advances and mortgages receivable (issues).....	239	(340)	(101)	(98)
Other investments—net (increase) decrease.....		(132)	(132)	218
Restricted assets—net (increase).....		(78)	(78)	(60)
Sinking fund investments—net (increase).....	32	(635)	(603)	(142)
Cash (used for) investments.....	<u>271</u>	<u>(1,216)</u>	<u>(945)</u>	<u>(52)</u>
Sub-total cash (requirements).....			<u>(1,171)</u>	<u>(506)</u>



## Summary Financial Statements

### Consolidated Statement of Cash Flow—Continued for the Fiscal Year Ended March 31, 2016

	In Millions			2015 Net \$
	2016		Net \$	
	Receipts \$	Disbursements \$		
Sub-total cash (requirements) carried forward from previous page.....			(1,171)	(506)
<b>Financing Transactions<sup>2</sup></b>				
Public debt increases.....	31,268	(28,421)	2,847	2,758
(Used for) purchase of assets, recoverable from agencies.....	11,570	(13,023)	(1,453)	(1,397)
Cash derived from financing.....	42,838	(41,444)	1,394	1,361
Increase in cash and cash equivalents.....			223	855
Cash and cash equivalents—beginning of year.....			3,237	2,382
<b>Cash and cash equivalents—end of year .....</b>			<b>3,460</b>	<b>3,237</b>
Cash and cash equivalents are made up of:				
Cash.....			2,421	2,499
Cash equivalents.....			1,039	738
			<b>3,460</b>	<b>3,237</b>

<sup>1</sup>Interest received during the year was \$1,207 million (2015: \$1,190 million). Interest paid during the year was \$2,763 million (2015: \$2,489 million). Interest received is made up of interest income from the Statement of Operations in the amount of \$1,226 million (2015: \$1,203 million) plus the change in accrued interest receivable in the amount of \$(19) million (2015: \$(13) million). Interest paid is made up of interest expense from the Statement of Operations in the amount of \$2,786 million (2015: \$2,498 million) plus the change in accrued interest payable in the amount of \$(23) million (2015: \$(9) 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, 2016

### 1. Significant Accounting Policies

#### (a) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with the *Budget Transparency and Accountability Act* (BTAA), which requires generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.

#### (b) REPORTING ENTITY

These financial statements include the accounts of organizations that meet the criteria of control (by the province) as established under Canadian Public Sector Accounting Standards. 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.

Organizations are reviewed annually to determine whether they can be expected to meet the definition of self-supported over their normal course of operations. In determining whether organizations will be able to maintain their operations and meet their liabilities from revenues received from sources outside of the government reporting entity, the following factors are considered as they apply:

- i) The organization's history of maintaining its operations and meeting its liabilities;
- ii) Whether the organization would continue to maintain its operations and meet its liabilities without relying on sales to, or subsidies in cash or kind from, the government reporting entity;
- iii) Past, present and future economic conditions within which the organization operates; and
- iv) Whether the organization has realistic and specific plans that show how it expects to be able to maintain its operations and meet its liabilities in the future.

The status of self-supported organizations is not changed in response to financial results which are reasonably expected to be temporary in nature. Organizations are classified as self-supported on establishment and during a start up period if they are reasonably expected to meet the definition of self-supported in their normal course of operations.

The definitions of these consolidation methods can be found on page 141.

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 (December 31), the Insurance Corporation of British Columbia (December 31), and all school districts (June 30).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 1. Significant Accounting Policies—Continued

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 CRF, 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.

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 includes services related to new immigrants. 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 debt servicing sector represents the financial impacts of activities related to management of public debt.

The other sector consists of activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

##### *Revenue*

All revenue is recorded on an accrual basis. For corporate income tax, the cash received from the federal government is used as the basis for estimating the tax revenue. Annual tax revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot be reliably determined.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 1. Significant Accounting Policies—Continued

Personal income tax revenue is accrued in the year earned based on estimates of household and taxable income. The revenue reported in the fiscal year is based on a proration of the calendar year estimates.

Direct taxes, such as sales, fuel, carbon and tobacco, are recorded during the period in which the taxable event occurs and when authorized by legislation. Property tax revenues are recorded based on a pro-ratation of actual property tax billings for each of the calendar years that comprise the fiscal year.

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

Royalty revenue is reported net of allowable credits integral to determining the amount of royalty. Amounts are reported as revenue when received or receivable.

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 through stipulations for specific programs such as health transfers.

#### *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 142. 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.

#### *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. These 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 are expected to be sold within one year and 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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 1. Significant Accounting Policies—Continued

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

#### *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. Liabilities are not recorded for tax concessions or royalty credits which are integral in determining the amount of revenue.

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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 1. Significant Accounting Policies—Continued

#### *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. The province records a liability for its share where plans are in a net obligation position. 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 self-supported organizations and entities that has been borrowed through the government's fiscal agency loan program. It does not include all debt of self-supported organizations as these entities are consolidated on the modified equity basis. Self-supported organizations 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.

#### *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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 1. Significant Accounting Policies—Continued

#### *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 remaining term of the contract or the term of the related debt.

#### *Other Comprehensive Income*

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.

Some of the more significant estimates used in these financial statements affect the accrual of 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.

A provision for environmental clean-up is included in accounts payable and accrued liabilities. The provision is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 2. Measurement Uncertainty—Continued

The amount of corporate income tax attributable to the year can change as a result of reassessments in subsequent years. The variability of the final amounts attributable to the year cannot be reasonably determined.

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	In Millions				
	Actual <sup>1</sup>	Measurement Uncertainty		Range	
	Amount Recorded	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$	\$
<b>Liabilities</b>					
<i>Accounts Payable and Accrued Liabilities</i>					
Litigation and Arbitration .....	95	85	105	(10)	10
Crime Victim Assistance Program .....	177	167	187	(10)	10
Silviculture Liability.....	114	102	125	(12)	11
Employee Leave Entitlements.....	306	296	315	(10)	9
Variability arises from uncertainty of the outcomes or the use of estimates.					
<b>Revenues</b>					
<i>Taxation</i>					
Personal Income Tax.....	8,380	7,980	8,780	(400)	400
<i>Contributions from the Federal Government</i>					
Canada Health Transfer payments <sup>2</sup> .....	4,446	4,412	4,480	(34)	34
Canada Social Transfer payments <sup>2</sup> .....	1,693	1,680	1,706	(13)	13
<b>Expenses (Note 30)</b>					
<i>Government Transfers .....</i>					
Tax Transfers .....	1,140	1,090	1,190	(50)	50

Variability is based on the potential differences between the estimates for the economic factors used in calculating the accruals and actual economic results.

<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 Health Transfer and 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, 2016—Continued

### 3. Accounts Receivable

	In Millions	
	2016	2015
	\$	\$
Accounts receivable.....	2,575	2,286
Taxes receivable.....	1,648	1,641
Accrued interest.....	325	306
	4,548	4,233
Provision for doubtful accounts.....	(787)	(744)
	<u>3,761</u>	<u>3,489</u>

### 4. Inventories for Resale

	In Millions	
	2016	2015
	\$	\$
Properties.....	32	28
Miscellaneous.....	45	42
	<u>77</u>	<u>70</u>

Inventories for resale are charged to the statement of operations when sold. During the year, the total cost of sales was \$163 million (2015: \$163 million) including the effect of write-downs of \$9 million (2015: \$1 million). Write-downs occurred due to the sale of carbon offsets, obsolete materials no longer used, damaged goods, and reductions in the market value of goods.

### 5. Due from Other Governments

	In Millions	
	2016	2015
	\$	\$
Government of Canada:		
Current.....	834	828
Provincial governments:		
Current.....	29	23
Local governments: <sup>1</sup>		
Current.....	36	31
Long-term.....	17	14
	<u>916</u>	<u>896</u>

<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, 2016—Continued

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

	In Millions	
	2016	2015
	\$	\$
British Columbia Hydro and Power Authority.....	331	271
Insurance Corporation of British Columbia.....	138	139
British Columbia Lottery Corporation.....	130	144
UBC Properties Investments Ltd.....	36	71
British Columbia Liquor Distribution Branch.....	12	
Columbia Power Corporation.....	2	2
Great Northern Way Campus Trust.....	2	4
Vancouver Island Technology Park Trust.....	2	2
Heritage Realty Properties Ltd.....	1	
	<b>654</b>	<b>633</b>

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

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

	In Millions				2015	
	2016			Total		Total
	Investments	Unremitted Earnings	Other Comprehensive Income			
	\$	\$	\$	\$	\$	
British Columbia Hydro and Power Authority.....	20	4,436	43	4,499	4,170	
Insurance Corporation of British Columbia.....		3,072	(227)	2,845	3,947	
Columbia Power Corporation.....	26	205		231	191	
British Columbia Lottery Corporation.....		(17)	(57)	(74)	(75)	
Transportation Investment Corporation.....	150	(394)	(173)	(417)	(358)	
	<b>196</b>	<b>7,302</b>	<b>(414)</b>	<b>7,084</b>	<b>7,875</b>	
<b>Self-Supported Subsidiaries<sup>1</sup></b>						
Columbia Basin Trust joint ventures <sup>2</sup> .....	197	7		204	197	
British Columbia Railway Company <sup>3</sup> .....	107	38	(8)	137	135	
Great Northern Way Campus Trust <sup>4</sup> .....	65	(2)	(2)	61	57	
SFU Community Trust.....		6		6	8	
Heritage Realty Properties Ltd <sup>5</sup> .....		2		2	2	
Vancouver Island Technology Park Trust <sup>5</sup> .....	1	1		2	2	
UBC Properties Investments Ltd.....	27	(25)		2	(4)	
Miscellaneous.....	1			1	(1)	
	<b>398</b>	<b>27</b>	<b>(10)</b>	<b>415</b>	<b>396</b>	
	<b>594</b>	<b>7,329</b>	<b>(424)</b>	<b>7,499</b>	<b>8,271</b>	

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

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

	In Millions				2015
	2016			Total	
	Investments	Unremitted Earnings	Other Comprehensive Income		
\$	\$	\$	\$	\$	
<b>Change in Equity in Self-supported Crown Corporations and Agencies</b>					
Balance—beginning of year.....	196	7,446	233	7,875	7,375
Increase (decrease) in other comprehensive income.....			(647)	(647)	(254)
Net earnings of self-supported Crown corporations and agencies.....		2,657		2,657	3,339
Dividends.....		(2,552)		(2,552)	(2,336)
Adjustments to dividends.....		(249)		(249)	(249)
<b>Balance—end of year.....</b>	<b>196</b>	<b>7,302</b>	<b>(414)</b>	<b>7,084</b>	<b>7,875</b>
<b>Self-Supported Subsidiaries</b>					
Balance—beginning of year.....	367	39	(10)	396	464
Increase (decrease) in investment.....	31			31	(30)
Increase (decrease) in other comprehensive income.....					(4)
Net earnings of self-supported Crown corporations and agencies.....		45		45	32
Dividends.....		(57)		(57)	(65)
Transfers (to) from deferred revenue.....					(1)
<b>Balance—end of year.....</b>	<b>398</b>	<b>27</b>	<b>(10)</b>	<b>415</b>	<b>396</b>
	<b>594</b>	<b>7,329</b>	<b>(424)</b>	<b>7,499</b>	<b>8,271</b>

<sup>1</sup>Self-supported subsidiaries are non-core government business enterprises that are consolidated under the modified equity method by taxpayer-supported organizations.

<sup>2</sup>Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation and Waneta Expansion Power Corporation are jointly controlled with Columbia Power Corporation. Columbia Power Corporation's equity investment is included as an integral component of Columbia Power Corporation.

<sup>3</sup>A subsidiary of BC Transportation Financing Authority.

<sup>4</sup>Great Northern Way Campus Trust is owned 25% each by Emily Carr University of Art & Design, British Columbia Institute of Technology, The University of British Columbia, and Simon Fraser University.

<sup>5</sup>Subsidiaries of the University of Victoria.

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 – 95 for details.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 8. Loans, Advances and Mortgages Receivable

	In Millions	
	2016	2015
	\$	\$
<b>Loans and Advances</b>		
BC student loans.....	1,247	1,231
Land tax deferment loans.....	739	671
Construction loans to social housing projects.....	204	176
Accountable advances.....	2	3
Miscellaneous.....	93	99
	2,285	2,180
Provision for doubtful accounts.....	(329)	(329)
	1,956	1,851
<b>Mortgages Receivable</b>		
Reconstruction Program.....	35	40
Miscellaneous.....		13
	35	53
Provision for doubtful accounts.....	(2)	(2)
	33	51
	<b>1,989</b>	<b>1,902</b>

The BC Student Loan Program provides loans to borrowers for post-secondary education. Borrowers are required to repay these loans to the province with interest set at a variable rate of prime plus 2.5%; however, borrowers can choose a fixed rate of prime plus 5%. Amortization of the loans is usually set at 114 months, but borrowers can extend that amortization to a maximum of 174 months. Defaulted loans are due on demand at the same rate of interest the borrower previously chose. The Ministry of Finance also administers defaulted student loans issued by financial institutions under a guaranteed or a 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 who is financially supporting, at the time of application, a dependent child. The program for individuals 55 years of age or older, a surviving spouse, or a person with a disability, requires 25% equity in the home. The program for families with dependent children 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. Land Tax Deferment Loans are secured by registered charge on title.

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.

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

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

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

The Reconstruction Loan Program was established in 1998 under the *Homeowner Protection Act* to provide financial assistance to British Columbians who own homes damaged by premature building envelope failure and have limited ability to secure financing to pay for necessary remediation work. The financial assistance includes interest free loans as well as guarantees and interest subsidies of those loans provided by lenders outside of the government reporting entity. No new applicants under the program were being accepted after July 31, 2009. Financial assistance is secured by registered mortgages.

Miscellaneous mortgages receivable have terms up to 3 years with weighted average interest rates of up to 1.09%.

### 9. Other Investments

	In Millions	
	2016	2015
	\$	\$
Pooled investment portfolios.....	839	718
Equity investments.....	344	280
Provincial government bonds.....	332	382
Municipal, corporate and other bonds.....	235	187
Commercial loans and investments.....	118	117
British Columbia Ferry Services Inc.....	75	75
Government of Canada bonds.....	17	18
Miscellaneous.....	294	354
	<u>2,254</u>	<u>2,131</u>

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 \$1,005 million (2015: \$1,013 million).

Equity investments have a market value of \$444 million (2015: \$462 million). They include investments in Canadian, U.S. and international equity markets.

Provincial bonds of various provinces have a market value of \$342 million (2015: \$399 million), with yields ranging from 0.00% to 11.00%. Maturity dates range from June 15, 2016 to June 18, 2029.

Municipal, corporate and other bonds have a market value of \$246 million (2015: \$215 million) with yields ranging from 0.00% to 9.90%. Maturity dates range from April 7, 2016 to June 30, 2108.

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 \$118 million (2015: \$117 million) investment in power developments and other investments.

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.

Government of Canada bonds have a market value of \$17 million (2015: \$19 million), with yields ranging from 0.78% to 8.00%. Maturity dates range from June 1, 2017 to December 1, 2048.

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 \$303 million (2015: \$364 million).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 10. Sinking Fund Investments

	In Millions	
	2016	2015
	\$	\$
Sinking fund investments related to taxpayer-supported debt.....	1,408	822
Sinking fund investments related to self-supported debt.....	172	155
	<u>1,580</u>	<u>977</u>

	In Millions	
	2016	2015
	\$	\$
Provincial government bonds.....	362	335
Pooled investment portfolios.....	10	24
Local government bonds.....	5	5
Miscellaneous.....	1,203	613
	<u>1,580</u>	<u>977</u>

Provincial bonds of various provinces have a market value of \$447 million (2015: \$426 million), with yields ranging from 0.65% to 3.77%. Maturity dates range from August 15, 2016 to December 1, 2043.

Pooled investment portfolios have a market value of \$10 million (2015: \$24 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.

Local government bonds have a market value of \$6 million (2015: \$7 million), with yields of 1.99%. Maturity date is November 30, 2023. Local government bonds mainly consist of debt issued by the BC Municipal Financing Authority.

Miscellaneous investments have a market value of \$1,203 million (2015: \$613 million). These consist of Renminbi denominated bond proceeds held in term deposits.

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

	In Millions	
	2016	2015
	\$	\$
British Columbia Hydro and Power Authority.....	18,007	16,629
Transportation Investment Corporation.....	3,614	3,547
Columbia Power Corporation.....	296	300
British Columbia Lottery Corporation.....	150	140
Improvement districts.....	7	8
	<u>22,074</u>	<u>20,624</u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 12. Accounts Payable and Accrued Liabilities

	In Millions	
	2016	2015
	\$	\$
Accounts payable.....	2,841	2,603
Other accrued estimated liabilities <sup>1</sup> .....	2,250	2,106
Accrued interest on debt.....	683	660
	<u>5,774</u>	<u>5,369</u>

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

### 13. Employee Future Benefits

	In Millions	
	2016	2015
	\$	\$
Vacation, compensatory time off, sick bank.....	1,039	1,015
Retirement allowance.....	743	724
Long-term disability.....	141	46
Post-retirement benefits.....	75	69
Worker compensation benefits.....	71	67
	<u>2,069</u>	<u>1,921</u>

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

The retirement allowance includes an actuarial valuation in the amount of \$145 million. During the year, unamortized actuarial losses (gains) were \$4 million (2015: \$4 million); the amount of benefits paid was \$17 million (2015: \$17 million); and the date of the most recent actuarial valuation performed for accounting purposes was September 30, 2015.

Worker compensation benefits represent the actual premiums accruing to WorkSafeBC for the year. 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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 14. Due to Other Governments

	In Millions	
	2016	2015
	\$	\$
Government of Canada:		
Current.....	330	654
Long-term.....	1	2
Provincial governments:		
Current.....	25	31
Local governments: <sup>1</sup>		
Current.....	63	24
	<u>419</u>	<u>711</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.

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

	In Millions	
	2016	2015
	\$	\$
British Columbia Hydro and Power Authority.....		13
British Columbia Liquor Distribution Branch.....		4
Trust funds.....	63	33
	<u>63</u>	<u>50</u>

### 16. Deferred Revenue

	In Millions	
	2016	2015
	\$	\$
Deferred contributions.....	3,362	3,022
Federal and municipal infrastructure project revenues.....	1,587	1,460
Petroleum, natural gas and minerals, leases and fees.....	1,406	2,080
Federal contributions.....	1,029	1,105
Unearned lease revenue.....	792	782
Tuition.....	285	238
Motor vehicle licences and permits.....	270	270
Derivative debt instruments.....	138	78
Water rentals and recording fees.....	121	107
Medical Services Plan premiums.....	118	113
Forest Stand Management Fund.....	12	11
Miscellaneous.....	589	499
	<u>9,709</u>	<u>9,765</u>



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 17. Employee Pension Plans

	In Millions	
	2016	2015
	\$	\$
Teachers' Pension Plan.....	244	259
Members of the Legislative Assembly Superannuation Account.....	2	2
	<u>246</u>	<u>261</u>

#### (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, Simon Fraser University's Academic Pension Plan and Administrative/Union Pension Plan, and Canadian Blood Services' pension plan for regular employees. Only 14.67% of the pension fund assets and accrued benefit obligation are included for the Canadian Blood Services pension plan, reflecting the province's interest in the plan. The accrued benefit obligation for these other pension plans is \$706 million (2015: \$674 million), with estimated pension fund assets of \$784 million (2015: \$735 million), and an unamortized actuarial gain (loss) of \$83 million (2015: \$84 million). The accrued net (liability) asset is \$(5) million (2015: \$(23) million) and is included in post retirement benefits in Note 13.

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, and the Insurance Corporation of British Columbia. Net assets or net liabilities of the pension funds are included in the equity balance of the particular Crown corporation or agency in Note 7. Total accrued benefit obligations equal \$6,753 million (2015: \$6,574 million), with estimated pension fund assets of \$5,313 million (2015: \$5,339 million). The accrued net (liability) asset is \$(1,440) million (2015: \$(1,235) million).

#### (c) Joint Trusteed Plans

The province contributes to four 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, 2016—Continued

### 17. 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. The Province participates as a plan employer in each plan. 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 administered under joint trust arrangements. The province has no claim on accrued asset amounts. The province is responsible for 50% of a reported net obligation. Settlement of the obligation will occur in future periods as 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 2015/16 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.

#### Key actuarial assumptions and dates:

	Public Service Pension Plan	Municipal Pension Plan	Teachers' Pension Plan	College Pension Plan
Date of actuarial valuation.....	Mar 31/14	Dec 31/12	Dec 31/14	Aug 31/12
Date of audited financial statements.....	Mar 31/15	Dec 31/14	Dec 31/14	Aug 31/15
Expected long-term rate of return.....	6.5%	6.5%	6.5%	6.5%

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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 17. Employee Pension Plans—Continued

(d) Accrued net obligation (asset) table

The estimated financial position as at March 31, 2016, 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.....	17,411	23,013	18,257	3,281	61,962
Pension fund assets.....	18,378	22,367	17,826	3,243	61,814
	(967)	646	431	38	148
Unamortized actuarial gain (loss).....	(168)	(1,388)	57	(103)	(1,602)
<b>Accrued net obligation (asset).....</b>	<b>(1,135)</b>	<b>(742)</b>	<b>488</b>	<b>(65)</b>	<b>(1,454)</b>
<b>Province's accrued net obligation – 50%.....</b>			<b>244</b>		<b>244</b>

The province is obligated under labour contracts to provide retirement benefits for its employees through contributions to these pension plans. Contribution rates are adjusted to reflect the results of the triennial actuarial valuation of each plan. When there is an accrued net obligation, the contribution rates will be increased to address the shortfall over the employees' estimated remaining years of service. The province contributes approximately 50% of the total contributions for these plans; therefore, the province's accrued net obligation is 50%. An accrued net obligation will not result in a payment to the plan, but will be addressed through increased contributions over time.

(e) The preliminary overall fund rates of return (loss) reported to the pension boards as at December 31, 2015 for each plan are: College Pension Plan 8.4% (2015: 11.3%), Public Service Pension Plan 9.3% (2015: 11.7%), Municipal Pension Plan 8.7% (2015: 11.3%), and Teachers' Pension Plan 9.3% (2015: 11.6%).

(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 \$74 million (2015: \$72 million), the Public Service Pension Plan \$337 million (2015: \$329 million), the Municipal Pension Plan \$695 million (2015: \$659 million), and the Teachers' Pension Plan \$418 million (2015: \$361 million).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

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

		In Millions			2016	2015
Year of Maturity	Canadian Dollar	US Dollar <sup>2</sup>	Other Currencies <sup>2</sup>	Canadian Dollar Total	Canadian Dollar Total	
	\$	\$	\$	\$	\$	
Short-term promissory notes.....	2016			0	3,692	
	2017	999	2,176	603	3,778	
Notes, bonds and debentures <sup>3</sup> .....	2016			0	1,746	
	2017	810	1,442		2,252	
	2018	694	1,240	359	2,293	
	2019	2,223		900	3,123	
	2020	2,167			2,167	
	2021	1,919			1,919	
	2022–2026	9,542	2,223	1,062	12,827	
	2027–2031	3,460		96	3,556	
	2032–2036	2,348			2,348	
	2037–2041	4,133		169	4,302	
	2042–2046	3,598			3,598	
	2047–2051	1,447			1,447	
	2052–2056	130			130	
	2057–2061			0	0	
	2062–2063	181			181	
Capital leases.....	2016–2048	194			194	
<b>Total debt issued at face value.....</b>		<b><u>33,845</u></b>	<b><u>7,081</u></b>	<b><u>3,189</u></b>	<b><u>44,115</u></b>	
Unamortized premium.....				12	99	
<b>Total taxpayer-supported debt.....</b>				<b><u>44,127</u></b>	<b><u>42,693</u></b>	
The effective interest rates (weighted average) as at March 31 on the above debt are:						
	2016.....			3.60%		
	2015.....				3.76%	

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20.

<sup>2</sup>Foreign currency denominated debt as at March 31, 2016 includes US\$6,621 million which was fully hedged to CAD\$7,081 million; 700 million Swiss Francs was fully hedged into CAD\$753 million; 351 million Euro was fully hedged to CAD\$519 million, \$700 million AUD was fully hedged to CAD\$712 million and CNY 6 billion was unhedged (CAD\$1,205 million).

<sup>3</sup>Notes, bonds and debentures includes \$2,877 million (2015: \$2,586 million) in public private partnership obligations and \$39 million (2015: \$40 million) in other loans.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 18. Taxpayer-supported Debt—Continued

#### Notes, bonds and debentures

##### *Redeemable by the province*

Balances include debentures issued to the Canada Pension Plan totalling \$3,271 million (2015: \$3,271 million) at a weighted average interest rate of 5.13% (2015: 5.14%). These debentures mature at various dates from April 11, 2016 to December 10, 2040 with interest rates varying between 2.24% and 6.75%. 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, \$39 million (2015: \$50 million) Canada Pension Plan debentures were issued.

##### *Mortgages*

Balances include mortgages totalling \$186 million (2015: \$194 million) secured by land and buildings. The carrying value is \$176 million (2015: \$196 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>
	\$
2017.....	2,660
2018.....	2,325
2019.....	2,550
2020.....	2,192
2021.....	1,915
2022–2063.....	<u>28,357</u>
<b>Total of stated minimum payments.....</b>	<b><u>39,999</u></b>

#### 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 forty-two years, with interest rates ranging between 1% and 16%.

Major leases include: Vancouver Coastal Health Authority capital lease obligation for the Gordon and Leslie Diamond Health Care Centre of \$108 million (2015: \$109 million), with weighted average interest rate of 5.37% and maturing August 1, 2036, Thompson Rivers University lease agreements for land and student residences of \$38 million (2015: \$39 million), with weighted average interest rate of 5.14% and maturing August 30, 2047, and, British Columbia Institute of Technology capital lease obligation for the building at Annacis Island Campus of \$19 million (2015: \$15 million), with weighted average interest rate of 4.19% and maturing July 31, 2044.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 18. 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
	\$
2017.....	22
2018.....	17
2019.....	14
2020.....	12
2021.....	12
2022–2048.....	246
Total minimum lease payments.....	323
Less imputed interest.....	(129)
<b>Total capital lease liability.....</b>	<b>194</b>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 19. Self-supported Debt<sup>1</sup>

	Year of Maturity	In Millions			2016	2015
		Canadian Dollar	US Dollar <sup>2</sup>	Other Currencies <sup>2</sup>	Canadian Dollar Total	Canadian Dollar Total
		\$	\$	\$	\$	\$
Short-term promissory notes.....	2016			0	4,664	
	2017	2,090	1,166	3,256	0	
Notes, bonds and debentures.....	2016			0	150	
	2017			0	0	
	2018	40		40	40	
	2019	1,030	204	1,234	1,234	
	2020	675		675	675	
	2021	1,100		1,100	1,100	
	2022–2026	2,526	640	3,557	2,561	
	2027–2031	2,049		2,049	1,550	
	2032–2036	1,260		1,260	1,260	
	2037–2041	1,524	374	1,898	1,896	
	2042–2046	5,218		5,218	4,923	
	2047–2051	1,620		1,620	420	
	2052–2056	60		60	60	
	2057–2061			0	0	
	2062–2063	50		50	50	
<b>Total debt issued at face value.....</b>		<b>19,242</b>	<b>2,384</b>	<b>391</b>	22,017	20,583
Unamortized premium (discount).....				(82)	(114)	
Unrealized foreign exchange gain (loss).....				(10)	(4)	
<b>Total self-supported debt.....</b>				<b>21,925</b>	<b>20,465</b>	

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

2016.....	4.01%
2015.....	4.01%

<sup>1</sup>The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 20.

<sup>2</sup>Foreign currency denominated debt as at March 31, 2016 includes US\$1,858 million (CAD\$2,384 million), of which US\$1,631 million was fully hedged to CAD\$2,090 million and US\$227 million was unhedged (CAD\$294 million), and 264 million EURO was fully hedged to CAD\$391 million.

### Notes, bonds and debentures

#### *Redeemable by the province*

Balances include debentures issued to the Canada Pension Plan totalling \$371 million (2015: \$371 million) at a weighted average interest rate of 3.98% (2015: 3.98%). These debentures mature at various dates from June 11, 2017 to July 10, 2042, with interest rates varying between 3.22% 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, no Canada Pension Plan debentures were issued (2015: nil).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 19. 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
	\$
2017.....	0
2018.....	40
2019.....	1,234
2020.....	675
2021.....	1,100
2022–2063.....	15,073
<b>Total of stated minimum payments.....</b>	<b>18,122</b>

### 20. 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 fluctuations in interest rate, foreign exchange rate, 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 these risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps and forward foreign exchange contracts. A derivative instrument is a financial contract with a counterparty that is applied to effect a hedge on interest rate or foreign exchange exposure that exists 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, based on the notional amounts of the contracts. Cross-currency swaps can have an exchange of the notional amounts at the start of the contract, the end of the contract, or both. There is no exchange of the notional amounts in interest rate swaps.



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 20. 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>	Forward Foreign Exchange Contracts <sup>1</sup>	
	\$	\$	\$	\$
2017	1,442		2,328	3,770
2018	1,599			1,599
2019	298			298
2020		300		300
2021		100		100
2022–2026	3,285	1,736		5,021
2027–2031	96	378		474
2032–2036		232		232
2037–2041	204	101		305
<b>Total.....</b>	<b>6,924</b>	<b>2,847</b>	<b>2,328</b>	<b>12,099</b>

<sup>1</sup>March 31, 2016, fair market valuation was an unrealized gain of \$1,900 million (2015: \$2,023 million gain) on cross-currency swaps, an unrealized gain of \$327 million (2015: \$402 million gain) on interest rate swaps, no gain or loss (2015: \$300 million loss) on advanced rate setting agreements and an unrealized gain of \$5 million (2015: \$1 million gain) 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. These gains and losses are subject to measurement uncertainty.

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

Year of Maturity	In Millions		Total
	Cross- Currency Swaps <sup>2</sup>	Forward Foreign Exchange Contracts <sup>2</sup>	
	\$	\$	\$
2017		1,166	1,166
2018			0
2019		204	204
2020			0
2021			0
2022–2026	391	436	827
2027–2031			0
2032–2036			0
2037–2041		283	283
<b>Total.....</b>	<b>391</b>	<b>2,089</b>	<b>2,480</b>

<sup>2</sup>March 31, 2016, fair market valuation was an unrealized loss of \$11 million (2015: nil) on cross currency swaps and an unrealized gain of \$9 million (2015: \$82 million gain) 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. These gains and losses are subject to measurement uncertainty.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 20. 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 \$31,245 million (2015: \$31,280 million), allow floating rate exposure up to 45.00% (2015: 45.00%) of this portion of the taxpayer-supported debt. At March 31, 2016, floating rate debt exposure was 25.30% (2015: 26.80%) 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 25.00% (2015: 35.00%) of their debt that totals \$17,918 million (2015: \$16,534 million). At March 31, 2016, floating rate debt exposure for BC Hydro was 13.30% (2015: 22.10%) of their debt.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2016, a one percent change in interest rates would impact the annual debt servicing expense by \$82 million (2015: \$101 million) for the taxpayer-supported debt portfolio and \$33 million (2015: \$47 million) for the self-supported debt portfolio.

At March 31, 2016, swap agreements relating to investments held by taxpayer-supported portfolios included interest rate swaps totalling \$44 million (2015: \$44 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 and forward currency contracts) 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 \$31,245 million (2015: \$31,280 million), allow unhedged foreign debt exposure up to 10.00% (2015: 10.00%) of this portion of the taxpayer-supported debt. At March 31, 2016, there was no unhedged foreign debt exposure of the government direct debt portfolio (2015: nil).

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2015: 5.00%) of its debt, which totals \$17,918 million (2015: \$16,534 million). At March 31, 2016, 0.70% (2015: 0.80%) 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, 2016, a one cent change in the Canadian dollar versus the US dollar would impact the annual debt servicing expense by nil (2015: nil) for the taxpayer-supported debt portfolio and \$1 million (2015: \$1 million) for the self-supported debt portfolio.

At March 31, 2016, swap agreements relating to investments held by taxpayer-supported portfolios included cross-currency swaps totalling \$35 million (2015: \$30 million), and forward currency contracts \$41 million (2015: nil).

#### *Credit risk*

Credit risk is the risk that the province will incur financial losses due to a counterparty defaulting on its financial obligations. 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 or Moody's Investors Service Inc. of at least A+/A1. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 21. Net Liabilities

The Consolidated Statement of Change in Net Liabilities (see page 39) 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.

### 22. Tangible Capital Assets

	In Millions	
	2016	2015
	\$	\$
Land and land improvements.....	4,669	4,485
Buildings (including tenant improvements).....	20,276	19,501
Highway infrastructure.....	9,621	9,541
Transportation equipment.....	2,765	2,579
Computer hardware and software.....	1,173	1,120
Other.....	1,778	1,802
	<u>40,282</u>	<u>39,028</u>

See Consolidated Statement of Tangible Capital Assets on page 96.

The estimated useful lives of the more common tangible capital assets are: buildings (3–90 years); highway infrastructure (5–40 years); transportation equipment (including rapid transit, ferries and related infrastructure) (2–100 years); computer hardware and software (1–10 years); major software systems (1–15 years); and other (including vehicles, specialized equipment, and furniture and equipment) (1–30 years). Land improvements are amortized over 30 years (recreation areas) or 40 years (dams and water management systems). Leasehold improvements are amortized over 2–40 years, over the lease term, or over the lesser of the lease term and the life of the asset.

BC Transportation Financing Authority (BCTFA) assets include capital assets under lease to South Coast British Columbia Transportation Authority (SCBCTA). These assets were transferred from British Columbia Transit (BCT) and Rapid Transit Project 2000 Ltd (RTP) to BCTFA. These capital assets under lease consist of land, land improvements, stations, guideways, rolling stocks and other assets related to the SkyTrain system, including the Millennium line, the Expo Line and the West Coast Express. These assets are made available for use by SCBCTA 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 BCTFA are for a nominal lease amount and expire in March 2017 for the Millennium Line and in January 2018 for the Expo line and the West Coast Express. The net book value of these assets is \$1,467 million (2015: \$1,462 million).

The province received donations of tangible capital assets during the year of \$2 million (2015: \$9 million).

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 23. Restricted Assets

	In Millions	
	2016	2015
	\$	\$
Endowment funds.....	<u>1,631</u>	<u>1,553</u>

Donors have placed restrictions on their contributions to the endowment funds of universities, colleges, school districts, health organizations, and taxpayer-supported Crown corporations. 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.

### 24. Prepaid Program Costs

	In Millions	
	2016	2015
	\$	\$
Prepaid program costs.....	<u>891</u>	<u>881</u>

The prepaid program costs include deferred costs associated with the BC Timber Sales Program, prepaid operating costs and 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, 2016, the total inventories held for use or consumption was \$303 million (2015: \$297 million). During the year, the total expense due to the consumption of inventories was \$1,383 million (2015: \$1,395 million) including the effect of write-downs of \$3 million (2015: \$2 million). Included in Prepaid Program Costs was \$219 million (2015: \$245 million) related to the BC Public Service Long Term Disability Plan. This amount is also included in Note 32.

### 25. Other Assets

	In Millions	
	2016	2015
	\$	\$
Deferred debt instrument costs.....	209	197
Other deferred costs.....	1	203
	<u>210</u>	<u>400</u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 26. Accumulated Surplus (Deficit)

	In Millions	
	2016	2015
	\$	\$
Accumulated surplus (deficit)—before other comprehensive income—beginning of year as previously reported <sup>1</sup> .....	3,029	1,346
Adjustments to accumulated surplus (deficit) <sup>2,3</sup> .....	44	35
Accumulated surplus (deficit)—beginning of year as restated.....	3,073	1,381
Surplus (deficit) for the year <sup>4</sup> .....	730	1,692
<b>Accumulated surplus (deficit)—before other comprehensive income.....</b>	<b>3,803</b>	<b>3,073</b>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—beginning of year.....	223	481
Other comprehensive income from self-supported Crown corporations and agencies (see page 95).....	(647)	(258)
<b>Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 95)—end of year.....</b>	<b>(424)</b>	<b>223</b>
<b>Accumulated surplus (deficit)—end of year.....</b>	<b>3,379</b>	<b>3,296</b>

<sup>1</sup>The opening accumulated surplus (deficit) figures for April 1, 2015 and April 1, 2014 are reported before accumulated other comprehensive income.

<sup>2</sup>During 2015/16, adjustments were made to the opening accumulated surplus for 2014/15 as follows:

University of British Columbia restatement of deferred revenue recognition.....	35
Total.....	35

<sup>3</sup>During 2015/16, adjustments were made to the opening accumulated surplus for 2015/16 for the following items:

University of British Columbia restatement of deferred revenue recognition.....	44
Total.....	44

<sup>4</sup>During 2015/16 adjustments were made to the reported surplus figure for the 2014/15 fiscal year as follows:

University of British Columbia restatement of deferred revenue recognition.....	9
Total.....	9

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 27. Contingencies and Contractual Obligations

#### (a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2016 was \$397 million (2015: \$403 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2016 totalled \$11 million (2015: \$12 million). See Consolidated Statement of Guaranteed Debt on page 97 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	
	2016	2015
	\$	\$
Property access disputes.....	304	303
Contract disputes.....	124	12
Tax disputes.....	106	111
Damage to persons or property.....	2	17
Negligence and miscellaneous.....	11	11
	<u>547</u>	<u>454</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, 2016 was \$73 million (2015: \$68 million).

##### *Tax Appeals*

The province has received appeals under various tax statutes totalling \$60 million (2015: \$50 million). The cost to the province cannot be determined as the outcome of these appeals is uncertain.

##### *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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 27. Contingencies and Contractual Obligations—Continued

#### *Environmental Clean-up*

The province is responsible for the remediation of numerous contaminated sites in the province that are no longer in productive economic use.

For sites where the province is directly responsible or has assumed responsibility for remediation, the following provision for future clean-up costs has been accrued based on preliminary environmental assessments, or estimations for those sites where an assessment has not been conducted. The provision is recorded as an accrued liability (*see* Note 12).

	In Millions	
	2016	2015
	\$	\$
Mine sites.....	264	275
Transportation infrastructure.....	50	38
Industrial sites.....	22	24
Pulp mills.....	18	18
Salt sheds.....	5	5
Maintenance yards.....	5	4
Miscellaneous.....	36	33
	<u>400</u>	<u>397</u>

This provision for future clean-up costs is an estimate of the minimum remediation costs for known sites where an assessment has been conducted, or where available information on sites is sufficient to estimate the costs. Where information is not available to make an estimate, costs are extrapolated from the estimated costs of similar sites. Where sites require ongoing remediation, monitoring, or maintenance all estimated future costs are discounted using the province's weighted average cost of capital. As at March 31, 2016 the weighted average cost of capital is 3.60% (2015: 3.76%).

Other sites where historical industrial activity has occurred have been identified for monitoring purposes but have not been assessed. At the reporting date, 30 sites were identified as potentially contaminated due to past industrial use. For these sites there may be insufficient information to determine whether contamination exceeding the relevant environmental standard is likely to exist, or whether remediation is required. The future cost and responsibility for remediation of these sites is not currently determinable.

Additional environmental liabilities of government business enterprises include \$390 million (2015: \$368 million) accrued by British Columbia Hydro and Power Authority, and \$92 million (2015: \$92 million) accrued by British Columbia Railway Company. The liabilities are included in the investment balance of the Crown corporation or agency in Note 7.

#### *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, 2016, there were 65 First Nations in various stages of negotiation, including 45 First Nations in active or completed negotiations, 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.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 27. Contingencies and Contractual Obligations—Continued

A Final Agreement with Yale First Nation was ratified by the Yale First Nation in March 2011, by the provincial government on June 2, 2011 and by the Parliament of Canada on June 19, 2013. Yale First Nation is now negotiating implementation of the treaty; however, a treaty effective date has not yet been agreed to by the parties. Through the treaty, the province will provide Yale with a capital transfer of \$2.5 million, economic development funding of \$1.1 million and 1,179 hectares of provincial Crown lands.

A Final Agreement with Tla'amin First Nation was ratified by the Tla'amin First Nation on July 10, 2012, by the provincial government on March 5, 2013, and by the Parliament of Canada on June 19, 2014. The Tla'amin treaty took effect on April 5, 2016. Through the treaty, the province will provide Tla'amin First Nation with a one-time payment of \$1 million, 6,406 hectares of provincial Crown land and future resource revenue sharing over 50 years.

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 and Increment Treaty Agreement tables are as follows:

- In-SHUCK-ch, 9,474 hectares
- Lheidli T'enneh, 3,416 hectares
- Sechelt, 933 hectares
- Yekooche, 5,960 hectares
- K'omoks, 1,733 hectares
- Tla-o-qui-aht, 47 hectares
- Nazko, 172 hectares
- Te'mexw (Malahat, Scia'new, Snaw-naw-as, Songhees and T'Sou-ke), 1,182 hectares
- Kitselas, 34,839 hectares
- Kitsumkalum, 44,661 hectares
- Wuikinuxv, 13,946 hectares
- Ditidaht, 71 hectares
- Pacheedaht, 596 hectares
- Ktunaxa Nation Council, 418 hectares
- Lake Babine Nation (BC only), 511 hectares with a one-time payment of \$0.02 million
- Kaska Dena Council, 472 hectares
- Homalco, 822 hectares
- Haisla, 120 hectares
- NStQ (Canoe Creek, Sugar Cane, Canim Lake, Soda Creek), 3,758 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, 2016 was approximately \$523 million (2015: \$506 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.



## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 27. Contingencies and Contractual Obligations—Continued

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

- (i) The BC Transportation Financing Authority has contingent liabilities of \$146 million (2015: \$120 million) remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects and \$137 million (2015: \$104 million) of those liabilities is related to expropriation claims.
- (ii) 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.

#### (c) 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.

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/ocg/pa/15\\_16/Contractual\\_Obligations.pdf](http://www.fin.gov.bc.ca/ocg/pa/15_16/Contractual_Obligations.pdf).

	In Millions						Total
	2017	2018	2019	2020	2021	2022 and beyond	
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies</b>							
Health.....	1,955	617	555	463	356	4,892	8,838
Education.....	299	111	38	24	21	135	628
Social services.....	266	50	1				317
Natural resources and economic development.....	69	73	74	28	14	132	390
Transportation.....	956	659	606	333	264	9,143	11,961
Other.....	400	299	257	246	237	6,618	8,057
Protection of persons and property.....	409	372	364	365	353	4,118	5,981
General government.....	492	457	411	236	145	83	1,824
	<u>4,846</u>	<u>2,638</u>	<u>2,306</u>	<u>1,695</u>	<u>1,390</u>	<u>25,121</u>	<u>37,996</u>
<b>Self-supported Crown corporations and agencies</b>							
Natural resources and economic development.....	3,125	2,795	2,436	2,334	2,078	50,397	63,165
Transportation.....	44	20	20	2	3		89
Protection of persons and property.....	5	5	6	6	6	3	31
General government.....	38	32	25	18	12	32	157
	<u>3,212</u>	<u>2,852</u>	<u>2,487</u>	<u>2,360</u>	<u>2,099</u>	<u>50,432</u>	<u>63,442</u>
<b>Total.....</b>	<u><b>8,058</b></u>	<u><b>5,490</b></u>	<u><b>4,793</b></u>	<u><b>4,055</b></u>	<u><b>3,489</b></u>	<u><b>75,553</b></u>	<u><b>101,438</b></u>

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 28. Taxation Revenue

	In Millions	
	2016	2015
	\$	\$
Personal income.....	8,380	8,076
Provincial sales.....	6,045	5,853
Corporate income.....	2,787	2,635
Property.....	2,219	2,154
Property transfer.....	1,533	1,065
Carbon.....	1,190	1,198
Fuel.....	973	932
Tobacco.....	734	752
Harmonized sales.....	(55)	(91)
Other.....	520	482
	<u>24,326</u>	<u>23,056</u>

Personal income tax and corporate income tax revenues are recorded after deductions for non-refundable tax credits. Deductions allowable in the calculation of personal income tax revenue were \$89 million (2015: \$67 million) and corporate income tax were \$89 million (2015: \$103 million). The types of tax credits adjusting personal income tax and corporation income tax revenues are for foreign taxes, logging taxes, venture capital, scientific and experimental development tax, and mining flow-through share.

Personal income tax revenue was also reduced by \$147 million (2015: \$135 million) for the BC Tax Reduction.

Personal and corporate income tax refunds may be issued under the *International Business Activity Act*. Corporate income tax refunds were \$21 million (2015: \$21 million).

Property tax revenue was recorded net of home owner grants of \$789 million (2015: \$794 million).

### 29. Natural Resource Revenue

	In Millions	
	2016	2015
	\$	\$
Petroleum, natural gas and minerals.....	1,130	1,594
Forests.....	865	754
Water and other.....	576	589
	<u>2,571</u>	<u>2,937</u>

Oil and gas royalty revenues are reported after adjustments for various royalty deduction programs such as producer cost of service allowances, deep well, marginal, ultra marginal, low production, net profit, new pool discovery and road construction. Deductions allowable in the calculation of royalty revenue were \$348 million (2015: \$850 million). Natural resource revenue includes mining taxes of \$103 million (2015: \$90 million), and logging taxes of \$38 million (2015: \$39 million).

The province offers credits for certain costs incurred by producers including the deep well, road and summer drilling programs. Deep well credits of \$1,918 million (2015: \$1,398 million), road credits of \$29 million (2015: \$11 million) and summer drilling credits of \$3 million (2015: \$3 million) have been incurred by producers and will reduce future natural gas royalties payable when wells go into production.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 30. Expense

	In Millions	
	2016	2015
<b>Total Expense by Group Account Classification</b>	\$	\$
Salaries and benefits.....	18,418	17,318
Government transfers.....	11,699	11,011
Operating costs.....	11,046	10,781
Interest <sup>1</sup> .....	2,786	2,498
Amortization.....	2,086	2,080
Other.....	841	751
	<u>46,876</u>	<u>44,439</u>

<sup>1</sup>Includes foreign exchange loss amortization of \$1 million (2015: gain amortization of \$2 million).

### 31. Valuation Allowances

	In Millions	
	2016	2015
	\$	\$
Accounts receivable.....	190	170
Loans, advances and mortgages receivable.....	25	32
Investments.....	9	1
Tangible capital assets.....	7	1
	<u>231</u>	<u>204</u>

These amounts are included in "Other" of "Total Expense by Group Account Classification" in Note 30, and represent the write-down of assets in the above Consolidated Statement of Financial Position categories.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 32. Trusts Under Administration

Trusts Under Administration, except for a portion of the BC Public Service Long Term Disability Plan, are not included in the Summary Financial Statements, because the province has no equity in or power of appropriation over these trusts. The province administers these trusts on behalf of third parties according to the terms of the underlying trust arrangements. The trust assets consist of cash, term deposits, investments, real estate and other sundry assets. Trust liabilities consist of trade payables, loans payable, mortgages payable, and long-term disability benefits payable. Summary financial information from the financial statements of trust funds is provided below.

	In Millions			
	Assets	Liabilities	2016	2015
	\$	\$	\$	\$
Public Guardian and Trustee of British Columbia <sup>1</sup>				
—administered by government officials.....	897	(34)	863	843
Credit Union Deposit Insurance Corporation of British Columbia <sup>1</sup>				
—administered by various government officials and a non-government investment corporation.....	543	(1)	542	495
Supreme and provincial court (Suitors' Funds)				
—administered by the Courts.....	86		86	71
Other trust funds				
—administered by various government officials.....	144	(19)	125	114
	<u>1,670</u>	<u>(54)</u>	<u>1,616</u>	<u>1,523</u>

### BC Public Service Long Term Disability Plan

	In Millions			
	Assets	Liabilities	2016	2015
	\$	\$	\$	\$
Plan participants within the government reporting entity.....	561	(332)	229	259
Plan participants outside the government reporting entity.....	40	(31)	9	9
	<u>601</u>	<u>(363)</u>	<u>238</u>	<u>268</u>

Equity for participants within the government reporting entity is comprised of \$228 million for the Consolidated Revenue Fund and \$1 million for Crown corporations and agencies. The Consolidated Revenue Fund records its position, net of liabilities to the plan, as a non-financial asset that is included in Note 24. The net position at March 31, 2016 was \$219 million (2015: \$245 million).

<sup>1</sup>These organizations are reported under International Financial Reporting Standards. Their financial statements are draft and unaudited when the Public Accounts are prepared.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 33. 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, 2016*, presented to the Legislative Assembly February 17, 2015.

### 34. 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 26.

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

	In Millions	
	2016	2015
<b>Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies</b>	\$	\$
Education.....	20	21
Natural resources and economic development.....	9	7
Health.....	3	3
	<u>32</u>	<u>31</u>
<b>Self-supported Crown corporations and agencies</b>		
Transportation.....	145	128
Natural resources and economic development.....	56	53
General government.....	2	1
	<u>203</u>	<u>182</u>
	<u><u>235</u></u>	<u><u>213</u></u>

<sup>1</sup>Additional asset retirement obligation costs exist which have not been recognized because they cannot be reasonably estimated at this time. Self-supported Crown corporations' balances in the natural resources and economic development, transportation and general government sectors are calculated using International Financial Reporting Standards.

## Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued

### 36. 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:

Consolidated Statement of Financial Position	In Millions	
	2016	2015
	\$	\$
Financial assets.....	93	91
Liabilities.....	126	117
<b>Net liabilities.....</b>	<b>(33)</b>	<b>(26)</b>
Non-financial assets.....	54	52
<b>Accumulated surplus (deficit).....</b>	<b>21</b>	<b>26</b>

  

Consolidated Statement of Operations	In Millions	
	2016	2015
	\$	\$
Revenue.....	168	157
Expenses.....	173	158
<b>Surplus (deficit) for the year.....</b>	<b>(5)</b>	<b>(1)</b>
Accumulated surplus (deficit)—beginning of year.....	26	27
<b>Accumulated surplus (deficit)—end of year.....</b>	<b>21</b>	<b>26</b>

### 37. 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, 2016 of \$5,908 million (2015: \$5,433 million). Regulatory accounting resulted in an increase to net income for BC Hydro for the year ended March 31, 2016 of \$403 million (2015: \$470 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>.

## **Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2016—Continued**

### **38. Significant Events**

On March 11, 2016, British Columbia Hydro and Power Authority awarded a contract for the purchase of six turbines, six generators, and associated equipment. The contract was in the amount of \$470 million and was related to the ongoing development of the Site C dam.

### **39. Subsequent Events**

During the fiscal year, the Musqueam, Squamish, and Tsleil–Waututh First Nations signed an agreement with the province to purchase 38.8 acres of the Jericho Lands area of Vancouver, for a net sale price of \$480 million. The two parcels of land will transfer to the First Nations on November 1, 2016 and November 1, 2017.

**Supplementary Statement to the  
Consolidated Summary Financial Statements  
Reporting Entity**

**for the Fiscal Year Ended March 31, 2016**

TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS

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

**Health Sector**

Canadian Blood Services<sup>2</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  
St Joseph's General Hospital  
St Michael's Centre  
Vancouver Coastal Health Authority  
Vancouver Island Health Authority  
Wrinch Memorial Hospital

**Education Sector**

BCNET<sup>3</sup>  
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  
Justice Institute of British Columbia  
Knowledge Network Corporation  
Kwantlen Polytechnic University  
Langara College  
Nicola Valley Institute of Technology  
North Island College  
Northern Lights College  
Northwest Community College  
Okanagan College



**Supplementary Statement to the  
Consolidated Summary Financial Statements  
Reporting Entity  
for the Fiscal Year Ended March 31, 2016—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  
The British Columbia Council for International Education  
The University of British Columbia  
Thompson Rivers University  
Trades Training Consortium of British Columbia<sup>4</sup>  
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  
Destination BC Corp.  
Forestry Innovation Investment Ltd  
Nechako–Kitimaat Development Fund Society  
Oil and Gas Commission  
Partnerships British Columbia Inc

**Transportation Sector**

BC Transportation Financing Authority  
British Columbia Transit  
Rapid Transit Project 2000 Ltd<sup>5</sup>

**Protection of Persons and Property Sector**

British Columbia Securities Commission  
Organized Crime Agency of British Columbia Society

**Social Services Sector**

Community Living British Columbia  
Legal Services Society

**Supplementary Statement to the  
Consolidated Summary Financial Statements  
Reporting Entity  
for the Fiscal Year Ended March 31, 2016—Continued**  
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES  
(GOVERNMENT ORGANIZATIONS)  
RECORDED ON A CONSOLIDATED BASIS

**Other Sector**

BC Games Society  
British Columbia Assessment Authority  
British Columbia Housing Management Commission  
British Columbia Public School Employers' Association  
Community Social Services Employers' Association of British Columbia  
Crown Corporations Employers' Association  
First Peoples' Heritage, Language and Culture Council  
Health Employers Association of British Columbia  
Post-Secondary Employers' Association  
Provincial Rental Housing Corporation  
The Royal British Columbia Museum Corporation

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

British Columbia Hydro and Power Authority<sup>6</sup>  
British Columbia Liquor Distribution Branch<sup>7</sup>  
British Columbia Lottery Corporation<sup>7</sup>  
British Columbia Railway Company<sup>8</sup>  
Columbia Power Corporation<sup>6</sup>  
Insurance Corporation of British Columbia<sup>9</sup>  
Transportation Investment Corporation<sup>8</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 on the Consolidated Statement of Operations by Sector (page 88).

<sup>2</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>3</sup>This organization was included in operations for the first time during the fiscal year.

<sup>4</sup>During the fiscal year this organization wound up to become part of British Columbia Institute of Technology.

<sup>5</sup>During the fiscal year this organization wound up to become part of BC Transportation Financing Authority.

<sup>6</sup>These organizations were included in the Natural Resources and Economic Development Sector results.

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

<sup>8</sup>These organizations were included in the Transportation Sector results.

<sup>9</sup>This organization was included in the Protection of Persons and Property Sector results.

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Financial Position by Sector  
as at March 31, 2016**

	In Millions								Natural Resources and Economic Development	
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Financial Assets</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents.....	1,811	1,273	2,029	1,915	8	7	1,425	1,510	114	196
Temporary investments.....	31	43	130	137	7	8			183	177
Accounts receivable.....	632	384	278	295	55	51	371	346	303	334
Inventories for resale.....	2	2	30	28					20	15
Due from Crown corporations and agencies.....	3	4	11	9	1	2			1	
Due from other governments.....	66	58	51	50	34	32			66	41
Due from self-supported Crown corporations and agencies.			41	77					333	273
Equity in self-supported Crown corporations and agencies.			74	64					4,934	4,558
Loans, advances and mortgages receivable.....	5	13	965	952	1	1			253	277
Other investments.....	83	104	1,585	1,416	4	6	9	9	293	305
Sinking fund investments.....			35	30			1,580	977		
Loans for purchase of assets, recoverable from agencies.....							30,638	28,481		
	<u>2,633</u>	<u>1,881</u>	<u>5,229</u>	<u>4,973</u>	<u>110</u>	<u>107</u>	<u>34,023</u>	<u>31,323</u>	<u>6,500</u>	<u>6,176</u>

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Financial Position by Sector—Continued  
as at March 31, 2016**

In Millions

	Transportation		Other <sup>2</sup>		Protection of Persons and Property		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>												
Cash and cash equivalents.....	104	89	89	88	33	16	(114)	(191)	(2,039)	(1,666)	3,460	3,237
Temporary investments.....			82	74							433	439
Accounts receivable.....	47	14	289	277	80	75	1,813	1,818	(107)	(105)	3,761	3,489
Inventories for resale.....	12	10	6	5	2	2	5	8			77	70
Due from Crown corporations and agencies.....	43	35	15						(74)	(50)	0	0
Due from other governments.....	176	138	20	27	132	166	371	384			916	896
Due from self-supported Crown corporations and agencies.					138	139	142	144			654	633
Equity in self-supported Crown corporations and agencies.	(280)	(223)			2,845	3,947	(74)	(75)			7,499	8,271
Loans, advances and mortgages receivable.....			240	231	1	1	737	669	(213)	(242)	1,989	1,902
Other investments.....	76	76	173	172	31	43					2,254	2,131
Sinking fund investments.....	80	89							(115)	(119)	1,580	977
Loans for purchase of assets, recoverable from agencies.....									(8,564)	(7,857)	22,074	20,624
	<u>258</u>	<u>228</u>	<u>914</u>	<u>874</u>	<u>3,262</u>	<u>4,389</u>	<u>2,880</u>	<u>2,757</u>	<u>(11,112)</u>	<u>(10,039)</u>	<u>44,697</u>	<u>42,669</u>

**Supplementary Statement to the Summary Financial Statements**  
**Consolidated Statement of Financial Position by Sector—Continued**  
**as at March 31, 2016**

	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Liabilities</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	1,518	1,416	1,101	1,006	94	88	669	644	1,030	969
Employee future benefits.....	1,203	1,074	526	509	24	32			26	25
Due to other governments.....	49	51	12	18					10	11
Due to Crown corporations, agencies and trust funds.....	10	8	1	3	1	1	2,054	1,666		13
Due to the Province of British Columbia.....	5	8			4	4			10	9
Deferred revenue.....	2,031	1,875	3,012	2,799	9	9	138	78	1,923	2,607
Employee pension plans.....			244	259						
Taxpayer-supported debt.....	1,582	1,416	797	792			40,275	39,039	450	565
Self-supported debt.....							21,925	20,465		
	<u>6,398</u>	<u>5,848</u>	<u>5,693</u>	<u>5,386</u>	<u>132</u>	<u>134</u>	<u>65,061</u>	<u>61,892</u>	<u>3,449</u>	<u>4,199</u>
Net assets (liabilities).....	<u>(3,765)</u>	<u>(3,967)</u>	<u>(464)</u>	<u>(413)</u>	<u>(22)</u>	<u>(27)</u>	<u>(31,038)</u>	<u>(30,569)</u>	<u>3,051</u>	<u>1,977</u>
<b>Non-financial Assets</b>										
Tangible capital assets.....	7,203	6,832	14,283	13,867	196	207			2,330	2,334
Restricted assets.....	6		1,625	1,553						
Prepaid program costs.....	288	262	72	65	1	1			178	172
Other assets.....		197	2	5		1	54	66		
	<u>7,497</u>	<u>7,291</u>	<u>15,982</u>	<u>15,490</u>	<u>197</u>	<u>209</u>	<u>54</u>	<u>66</u>	<u>2,508</u>	<u>2,506</u>
Accumulated surplus (deficit).....	<u><u>3,732</u></u>	<u><u>3,324</u></u>	<u><u>15,518</u></u>	<u><u>15,077</u></u>	<u><u>175</u></u>	<u><u>182</u></u>	<u><u>(30,984)</u></u>	<u><u>(30,503)</u></u>	<u><u>5,559</u></u>	<u><u>4,483</u></u>

**Supplementary Statement to the Summary Financial Statements**  
**Consolidated Statement of Financial Position by Sector—Continued**  
**as at March 31, 2016**

In Millions

	Transportation		Other <sup>2</sup>		Protection of Persons and Property		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Liabilities</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	390	371	180	154	265	265	658	574	(131)	(118)	5,774	5,369
Employee future benefits.....	27	25	10	10	35	34	218	212			2,069	1,921
Due to other governments.....	34		10	6	155	139	149	486			419	711
Due to Crown corporations, agencies and trust funds.....			65	36				3	(2,068)	(1,680)	63	50
Due to the Province of British Columbia.....		1	2	2					(21)	(24)	0	0
Deferred revenue.....	2,150	1,936	121	131	307	312	18	18			9,709	9,765
Employee pension plans.....							2	2			246	261
Taxpayer-supported debt.....	9,438	8,703	332	303			145	92	(8,892)	(8,217)	44,127	42,693
Self-supported debt.....											21,925	20,465
	<u>12,039</u>	<u>11,036</u>	<u>720</u>	<u>642</u>	<u>762</u>	<u>750</u>	<u>1,190</u>	<u>1,387</u>	<u>(11,112)</u>	<u>(10,039)</u>	<u>84,332</u>	<u>81,235</u>
Net assets (liabilities).....	(11,781)	(10,808)	194	232	2,500	3,639	1,690	1,370	0	0	(39,635)	(38,566)
<b>Non-financial Assets</b>												
Tangible capital assets.....	13,820	13,436	1,411	1,386	55	58	1,001	925	(17)	(17)	40,282	39,028
Restricted assets.....											1,631	1,553
Prepaid program costs.....	22	39	34	31	2	2	294	309			891	881
Other assets.....	154	131									210	400
	<u>13,996</u>	<u>13,606</u>	<u>1,445</u>	<u>1,417</u>	<u>57</u>	<u>60</u>	<u>1,295</u>	<u>1,234</u>	<u>(17)</u>	<u>(17)</u>	<u>43,014</u>	<u>41,862</u>
Accumulated surplus (deficit).....	<u>2,215</u>	<u>2,798</u>	<u>1,639</u>	<u>1,649</u>	<u>2,557</u>	<u>3,699</u>	<u>2,985</u>	<u>2,604</u>	<u>(17)</u>	<u>(17)</u>	<u>3,379</u>	<u>3,296</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 activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

<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.

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Operations by Sector  
for the Fiscal Year Ended March 31, 2016**

	In Millions								Natural Resources and Economic Development	
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Revenue</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....										
Contributions from the federal government.....	56	76	1,004	950	79	75			45	43
Fees and licenses.....	2,848	2,650	1,912	1,764	5	5			119	118
Miscellaneous.....	1,225	833	1,348	1,264	17	20			163	204
Contributions from the provincial government / net earnings of self-supported Crown corporations and agencies.....	47	43	188	187	17	19			760	633
Natural resources.....									2,571	2,937
Investment income.....	17	15	228	228	2	2	1,218	1,149	47	42
<b>Total revenue.....</b>	<b>4,193</b>	<b>3,617</b>	<b>4,680</b>	<b>4,393</b>	<b>120</b>	<b>121</b>	<b>1,218</b>	<b>1,149</b>	<b>3,705</b>	<b>3,977</b>

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Operations by Sector—Continued  
for the Fiscal Year Ended March 31, 2016**

In Millions

	Transportation		Other <sup>2</sup>		Protection of Persons and Property		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>												
Taxation.....	529	511	86	84			23,711	22,461			24,326	23,056
Contributions from the federal government.....	72	67	147	165	78	66	6,166	5,837			7,647	7,279
Fees and licenses.....	61	60	25	19	842	783	27	26	(3)		5,836	5,425
Miscellaneous.....	40	52	113	113	151	150	333	331	(92)	(107)	3,298	2,860
Contributions from the provincial government / net earnings of self-supported Crown corporations and agencies.....	(65)	(73)	20	23	(293)	657	2,335	2,180	(307)	(298)	2,702	3,371
Natural resources.....											2,571	2,937
Investment income.....	10	11	12	62	2	2	25	19	(335)	(327)	1,226	1,203
<b>Total revenue.....</b>	<b>647</b>	<b>628</b>	<b>403</b>	<b>466</b>	<b>780</b>	<b>1,658</b>	<b>32,597</b>	<b>30,854</b>	<b>(737)</b>	<b>(732)</b>	<b>47,606</b>	<b>46,131</b>



**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Operations by Sector—Continued  
for the Fiscal Year Ended March 31, 2016**

Expense	In Millions									
	Health		Education		Social Services		Debt Servicing <sup>1</sup>		Natural Resources and Economic Development	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	7,536	7,108	8,325	7,822	417	415			591	560
Government transfers.....	5,130	4,944	1,044	1,263	2,742	2,523			1,082	729
Operating costs.....	5,969	5,758	1,945	1,852	916	916			584	601
Interest.....	93	91	40	41			2,613	2,325	13	16
Amortization.....	547	562	722	722	18	10			106	103
Other.....	275	256	216	219	60	31			211	209
<b>Operating expense.....</b>	<b>19,550</b>	<b>18,719</b>	<b>12,292</b>	<b>11,919</b>	<b>4,153</b>	<b>3,895</b>	<b>2,613</b>	<b>2,325</b>	<b>2,587</b>	<b>2,218</b>
<b>Surplus (deficit) for the Fiscal Year ended March 31.....</b>	<b>(15,357)</b>	<b>(15,102)</b>	<b>(7,612)</b>	<b>(7,526)</b>	<b>(4,033)</b>	<b>(3,774)</b>	<b>(1,395)</b>	<b>(1,176)</b>	<b>1,118</b>	<b>1,759</b>

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Operations by Sector—Continued  
for the Fiscal Year Ended March 31, 2016**

In Millions

Expense	Transportation		Other <sup>2</sup>		Protection of Persons and Property		General Government <sup>3</sup>		Adjustments <sup>4</sup>		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	160	155	167	158	746	723	476	377			18,418	17,318
Government transfers.....	149	78	905	947	658	556	206	175	(217)	(204)	11,699	11,011
Operating costs.....	839	846	133	124	156	158	507	527	(3)	(1)	11,046	10,781
Interest.....	351	340	8	9			3	3	(335)	(327)	2,786	2,498
Amortization.....	533	524	59	56	15	15	86	88			2,086	2,080
Other.....		8	15	12	16	19	230	197	(182)	(200)	841	751
<b>Operating expense.....</b>	<b>2,032</b>	<b>1,951</b>	<b>1,287</b>	<b>1,306</b>	<b>1,591</b>	<b>1,471</b>	<b>1,508</b>	<b>1,367</b>	<b>(737)</b>	<b>(732)</b>	<b>46,876</b>	<b>44,439</b>
<b>Surplus (deficit) for the Fiscal Year ended March 31.....</b>	<b>(1,385)</b>	<b>(1,323)</b>	<b>(884)</b>	<b>(840)</b>	<b>(811)</b>	<b>187</b>	<b>31,089</b>	<b>29,487</b>	<b>0</b>	<b>0</b>	<b>730</b>	<b>1,692</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 activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

<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.

**Supplementary Statement to the Summary Financial Statements  
Statement of Financial Position  
for Self-supported Crown Corporations and Agencies<sup>1</sup>  
as at March 31, 2016**

	In Millions					
	Natural Resources and Economic Development <sup>2</sup>	Protection of Persons and Property <sup>3</sup>	Transpor- tation <sup>4</sup>	General Government <sup>5</sup>	2016 Sub-Total	2015 Sub-Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash and cash equivalents.....	144	67	14	87	312	230
Accounts receivable.....	858	1,410	36	66	2,370	2,198
Inventories.....	155			108	263	221
Other investments.....	665	14,700	1		15,366	15,093
Tangible capital assets.....	21,995	404	3,165	327	25,891	24,355
Other assets.....	6,759	182		18	6,959	6,359
<b>Total Assets.....</b>	<b>30,576</b>	<b>16,763</b>	<b>3,216</b>	<b>606</b>	<b>51,161</b>	<b>48,456</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities.....	4,453	11,418	51	375	16,297	14,737
Deferred revenue.....	2,548	2,362	3	13	4,926	4,430
Due to Province of British Columbia.....	333	138		142	613	556
Debt due to Province of British Columbia.....	18,512		3,579	150	22,241	20,858
Other debt.....					0	0
	25,846	13,918	3,633	680	44,077	40,581
<b>Equity</b>						
Investment by Province of British Columbia.....	46		150		196	196
Other comprehensive income.....	43	(227)	(173)	(57)	(414)	233
Unremitted earnings—end of year.....	4,641	3,072	(394)	(17)	7,302	7,446
	4,730	2,845	(417)	(74)	7,084	7,875
<b>Total Liabilities and Equity.....</b>	<b>30,576</b>	<b>16,763</b>	<b>3,216</b>	<b>606</b>	<b>51,161</b>	<b>48,456</b>

**Supplementary Statement to the Summary Financial Statements  
Statement of Financial Position  
for Self-supported Crown Corporations and Agencies<sup>1</sup>  
as at March 31, 2016—Continued**

	In Millions						
	Education subsidiaries <sup>6</sup>	Natural Resources subsidiaries <sup>7</sup>	Transportation subsidiaries <sup>8</sup>	2016 Sub-Total	2015 Sub-Total	2016 Grand Total	2015 Grand Total
	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>							
Cash and cash equivalents.....	38	22	97	157	171	469	401
Accounts receivable.....	72	16	3	91	55	2,461	2,253
Inventories.....	93			93	65	356	286
Other investments.....	28		132	160	151	15,526	15,244
Tangible capital assets.....	339	212	178	729	722	26,620	25,077
Other assets.....	3	192	1	196	192	7,155	6,551
<b>Total Assets.....</b>	<b>573</b>	<b>442</b>	<b>411</b>	<b>1,426</b>	<b>1,356</b>	<b>52,587</b>	<b>49,812</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities.....	54	14	244	312	292	16,609	15,029
Deferred revenue.....	15		30	45	63	4,971	4,493
Due to Province of British Columbia.....	41			41	77	654	633
Debt due to Province of British Columbia.....	78			78	76	22,319	20,934
Other debt.....	311	224		535	452	535	452
	499	238	274	1,011	960	45,088	41,541
<b>Equity</b>							
Investment by Province of British Columbia.....	94	197	107	398	367	594	563
Other comprehensive income.....	(2)		(8)	(10)	(10)	(424)	223
Unremitted earnings—end of year.....	(18)	7	38	27	39	7,329	7,485
	74	204	137	415	396	7,499	8,271
<b>Total Liabilities and Equity.....</b>	<b>573</b>	<b>442</b>	<b>411</b>	<b>1,426</b>	<b>1,356</b>	<b>52,587</b>	<b>49,812</b>

<sup>1</sup>Self-supported Crown corporations and agencies report under IFRS. These statements include related party transactions between self-supported Crown corporations and with taxpayer-supported entities. No elimination entries are recorded for these transactions. They are in the normal course of operations and are recorded at the exchange amount. The normal course of operations includes trade, financial and legal services, shared administration, business relationships, collaboration on projects, carbon offsets, and payment of cash dividends. Significant balances are disclosed in the notes to these financial statements.

<sup>2</sup>British Columbia Hydro and Power Authority and Columbia Power Corporation.

<sup>3</sup>Insurance Corporation of British Columbia.

<sup>4</sup>Transportation Investment Corporation.

<sup>5</sup>British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation. In fiscal 2016 British Columbia Liquor Distribution Branch changed to a new pricing model. The prior year's result has been restated for this change, with decreases to revenue and expense of \$215 million.

<sup>6</sup>Self-supported subsidiaries, including Great Northern Way Campus Trust, Heritage Realty Properties Ltd., SFU Community Trust, UBC Properties Trust, and Vancouver Island Technology Park Trust, of post-secondary institutions.

<sup>7</sup>Columbia Basin Trust joint ventures with Columbia Power Corporation (Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation, and Waneta Expansion Power Corporation). Columbia Power Corporation's equity investment is included as an integral component of Columbia Power Corporation.

<sup>8</sup>British Columbia Rail Company, a subsidiary of BC Transportation Financing Authority.

**Supplementary Statement to the 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, 2016**

	In Millions					2015 Sub-Total
	Natural Resources and Economic Development <sup>2</sup>	Protection of Persons and Property <sup>3</sup>	Transpor- tation <sup>4</sup>	General Government <sup>5</sup>	2016 Sub-Total	
	\$	\$	\$	\$	\$	\$
Revenue.....	5,721	5,361	136	6,269	17,487	16,965
Expense.....	5,024	5,654	218	3,934	14,830	13,626
Net earnings of self-supported Crown corporations and agencies	697	(293)	(82)	2,335	2,657	3,339
Dividends.....	(329)	(138)		(2,085)	(2,552)	(2,336)
Adjustments to dividends.....				(249)	(249)	(249)
Transfers (to) from deferred revenue.....						
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	368	(431)	(82)	1	(144)	754
Unremitted earnings—beginning of year.....	4,273	3,503	(312)	(18)	7,446	6,692
Adjustments to unremitted earnings.....						
Unremitted earnings—end of year.....	4,641	3,072	(394)	(17)	7,302	7,446
Accumulated other comprehensive income—beginning of year.	42	444	(196)	(57)	233	487
Adjustments to accumulated other comprehensive income.....						
Other comprehensive income.....	1	(671)	23		(647)	(254)
Accumulated other comprehensive income—end of year.....	43	(227)	(173)	(57)	(414)	233
Investment by Province of British Columbia.....	46		150		196	196
<b>Equity in self-supported Crown corporations and agencies for the year.....</b>	<b>4,730</b>	<b>2,845</b>	<b>(417)</b>	<b>(74)</b>	<b>7,084</b>	<b>7,875</b>

**Supplementary Statement to the 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, 2016—Continued**

	In Millions						
	Education subsidiaries <sup>6</sup>	Natural Resources subsidiaries <sup>7</sup>	Transportation subsidiaries <sup>8</sup>	2016 Sub-Total	2015 Sub-Total	2016 Grand Total	2015 Grand Total
	\$	\$	\$	\$	\$	\$	\$
Revenue.....	76	71	23	170	123	17,657	17,088
Expense.....	72	36	17	125	91	14,955	13,717
Net earnings of self-supported Crown corporations and agencies	4	35	6	45	32	2,702	3,371
Dividends.....	(25)	(28)	(4)	(57)	(65)	(2,609)	(2,401)
Adjustments to dividends.....						(249)	(249)
Transfers (to) from deferred revenue.....					(1)		(1)
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	(21)	7	2	(12)	(34)	(156)	720
Unremitted earnings—beginning of year.....	3		36	39	73	7,485	6,765
Adjustments to unremitted earnings.....							
Unremitted earnings—end of year.....	(18)	7	38	27	39	7,329	7,485
Accumulated other comprehensive income—beginning of year.	(2)		(8)	(10)	(6)	223	481
Adjustments to accumulated other comprehensive income.....							
Other comprehensive income.....					(4)	(647)	(258)
Accumulated other comprehensive income—end of year.....	(2)	0	(8)	(10)	(10)	(424)	223
Investment by Province of British Columbia.....	94	197	107	398	367	594	563
<b>Equity in self-supported Crown corporations and agencies for the year.....</b>	<b>74</b>	<b>204</b>	<b>137</b>	<b>415</b>	<b>396</b>	<b>7,499</b>	<b>8,271</b>

<sup>1</sup>Self-supported Crown corporations and agencies report under IFRS. These statements include related party transactions between self-supported Crown corporations and with taxpayer-supported entities. No elimination entries are recorded for these transactions. They are in the normal course of operations and are recorded at the exchange amount. The normal course of operations includes trade, financial and legal services, shared administration, business relationships, collaboration on projects, carbon offsets, and payment of cash dividends. Significant balances are disclosed in the notes to these financial statements.

<sup>2</sup>British Columbia Hydro and Power Authority and Columbia Power Corporation.

<sup>3</sup>Insurance Corporation of British Columbia.

<sup>4</sup>Transportation Investment Corporation.

<sup>5</sup>British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation. In fiscal 2016 British Columbia Liquor Distribution Branch changed to a new pricing model. The prior year's result has been restated for this change, with decreases to revenue and expense of \$215 million.

<sup>6</sup>Self-supported subsidiaries, including Great Northern Way Campus Trust, Heritage Realty Properties Ltd., SFU Community Trust, UBC Properties Trust, and Vancouver Island Technology Park Trust, of post-secondary institutions.

<sup>7</sup>Columbia Basin Trust joint ventures with Columbia Power Corporation (Brilliant Power Corporation, Brilliant Expansion Power Corporation, Arrow Lakes Power Corporation, and Waneta Expansion Power Corporation). Columbia Power Corporation's equity investment is included as an integral component of Columbia Power Corporation.

<sup>8</sup>British Columbia Rail Company, a subsidiary of BC Transportation Financing Authority.

**Supplementary Statement to the Summary Financial Statements  
Consolidated Statement of Tangible Capital Assets<sup>1</sup>  
for the Fiscal Year Ended March 31, 2016**

	In Millions						2016 Total	2015 Total
	Land and Land Improvements	Building	Highway Infrastruc- ture	Transport – ation Equipment	Computer Hardware/ Software	Other <sup>3</sup>		
<b>Historical Cost<sup>2</sup></b>	\$	\$	\$	\$	\$	\$	\$	\$
Opening Cost.....	4,741	30,810	18,111	3,867	3,474	6,259	67,262	64,852
Additions.....	271	1,630	562	269	310	415	3,457	3,407
Disposals and valuation adjustments.....	(78)	(103)	(8)	(24)	(152)	(401)	(766)	(997)
	<u>4,934</u>	<u>32,337</u>	<u>18,665</u>	<u>4,112</u>	<u>3,632</u>	<u>6,273</u>	<u>69,953</u>	<u>67,262</u>
<b>Accumulated Amortization</b>								
Opening balance.....	(256)	(11,309)	(8,570)	(1,288)	(2,354)	(4,457)	(28,234)	(27,074)
Amortization expense.....	(25)	(803)	(481)	(83)	(250)	(444)	(2,086)	(2,080)
Effect of disposals and valuation adjustments.....	16	51	7	24	145	406	649	920
	<u>(265)</u>	<u>(12,061)</u>	<u>(9,044)</u>	<u>(1,347)</u>	<u>(2,459)</u>	<u>(4,495)</u>	<u>(29,671)</u>	<u>(28,234)</u>
<b>Net book value for the year ended</b>								
March 31, 2016.....	<u>4,669</u>	<u>20,276</u>	<u>9,621</u>	<u>2,765</u>	<u>1,173</u>	<u>1,778</u>	<u>40,282</u>	
<b>Net book value for the year ended</b>								
March 31, 2015.....	<u>4,485</u>	<u>19,501</u>	<u>9,541</u>	<u>2,579</u>	<u>1,120</u>	<u>1,802</u>		<u>39,028</u>

<sup>1</sup>This statement includes assets that are held on capital leases at March 31, 2016 at a gross value of \$371 million less accumulated amortization of \$(197) million for a net book value totalling \$174 million (2015: gross value of \$369 million less accumulated amortization of \$(190) million for a net book value of \$179 million) comprised of: heavy equipment gross \$4 million less accumulated amortization \$(3) million for a net book value of \$1 million (2015: gross \$6 million less accumulated amortization \$(3) million for a net book value of \$3 million); vehicles gross \$- million less accumulated amortization \$- million for a net book value of \$- million (2015: gross \$1 million less accumulated amortization \$(1) million for a net book value of \$- million); computer hardware/software gross \$155 million less accumulated amortization \$(134) million for a net book value of \$21 million (2015: gross \$148 million less accumulated amortization \$(130) million for a net book value of \$18 million); buildings gross \$183 million less accumulated amortization \$(34) million for a net book value of \$149 million (2015: gross \$183 million less accumulated amortization \$(29) million for a net book value \$154 million); and other assets gross \$29 million less accumulated amortization \$(26) million for a net book value of \$3 million (2015: gross \$31 million less accumulated amortization \$(27) million for a net book value of \$4 million).

<sup>2</sup>Historical cost includes work-in-progress at March 31, 2016 totalling \$3,830 million (2015: \$2,868 million) comprised of: buildings \$1,871 million (2015: \$1,343 million); land improvements \$29 million (2015: \$27 million); highway infrastructure \$342 million (2015: \$242 million); transportation equipment \$1,127 million (2015: \$884 million); computer hardware/software \$421 million (2015: \$337 million); and specialized equipment \$40 million (2015: \$35 million). Work-in-progress is not amortized. Work-in-progress includes capitalized interest expense at March 31, 2016 totalling \$26 million (2015: \$17 million).

<sup>3</sup>"Other" at net book value includes office furniture and equipment \$609 million (2015: \$621 million), vehicles \$85 million (2015: \$78 million), machinery \$906 million (2015: \$931 million) and miscellaneous \$178 million (2015: \$172 million).

## Supplementary Statement to the Summary Financial Statements Consolidated Statement of Guaranteed Debt as at March 31, 2016

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			
	2016		2015	
	Maximum Guarantee Authorized \$	Net Outstanding \$	Maximum Guarantee Authorized \$	Net Outstanding \$
<b>Taxpayer-supported Guaranteed Debt</b>				
General government:				
<i>Homeowner Protection Act</i> loan guarantees <sup>2</sup> .....	375	2	375	4
Subtotal, general government.....	375	2	375	4
Health and education:				
<i>Financial Administration Act</i> student aid loans.....	2		8	
Subtotal, health and education.....	2	0	8	0
Natural resources and economic development:				
<i>Financial Administration Act</i> :				
Feeder's Association Loan Guarantee.....	10	6	10	5
Subtotal, natural resources and economic development.....	10	6	10	5
Total taxpayer-supported guaranteed debt.....	387	8	393	9
<b>Self-supported Guaranteed Debt</b>				
<i>Hydro and Power Authority Act</i> bonds and debentures <sup>3</sup> .....	10	10	10	10
Total self-supported guaranteed debt.....	10	10	10	10
Grand total, all guaranteed debt.....	397	18	403	19
Provision for probable payout.....		(7)		(7)
<b>Net total, all guaranteed debt.....</b>	<b>397</b>	<b>11</b>	<b>403</b>	<b>12</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 (2015: \$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%.