
Summary Financial Statements

Province of British Columbia

*For the Fiscal Year Ended
March 31, 2017*



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:

A handwritten signature in black ink that reads "Carole James". The signature is written in a cursive, flowing style.

CAROLE JAMES

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, 2017, 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 Transparency and Accountability Act* (BTAA) 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, 2017 would have been lower by \$5,106 million, the accumulated surplus at the beginning of the year would have been greater by \$4,242 million and current year revenue would have been greater by \$864 million.

Inappropriate use of the modified equity basis of consolidation

Government has classified the Transportation Investment Corporation as a government business enterprise, which is consolidated in these summary financial statements using the modified equity basis as described in note 1(c). Under Canadian public sector accounting standards, to be classified as a government business enterprise, an organization must be able to maintain its operations and meet its liabilities from revenues received from outside the government reporting entity. Based on the conditions that existed as of March 31, 2017, in my opinion, the Transportation Investment Corporation does not meet this criteria and, therefore, is inappropriately classified as a government business enterprise. Had this organization been properly classified, it would have been accounted for using the full consolidation method and the following financial statement line items would have changed by a material amount:

	Increase/ (decrease) \$ millions
<i>Consolidated statement of financial position:</i>	
Equity in self-supported Crown corporations and agencies	475
Loans for purchase of assets, recoverable from agencies	(3,632)
Deferred revenue	(125)
Taxpayer-supported debt	3,430
Self-supported debt	(3,430)

Net assets	(3,054)
Tangible capital assets	3,022
Accumulated surplus	0
<i>Consolidated statement of operations:</i>	
Revenue	93
Expense	93
Surplus for the year	0

The supporting summary financial statements by sector (pages 86 to 93) and the supporting statements for self-supported Crown corporations and agencies (pages 94 to 97) would also be impacted by this inappropriate classification of the Transportation Investment Corporation by the changes described above.

Inappropriate use of rate regulated accounting

Note 37 to the summary financial statements refers to the use of regulatory accounting by the British Columbia Hydro and Power Authority (BC Hydro), a Crown corporation consolidated into the summary financial statements using the modified equity method. In accordance with the BTAA Regulation 257/2010 issued by Treasury Board, BC Hydro is required to adopt the United States Financial Accounting Standards Board Accounting Standards Codification 980 (ASC 980), which is a recognized accounting standard for the application of rate regulated accounting and is acceptable under Canadian public sector accounting standards (PSAS).

By adopting rate regulated accounting, BC Hydro is able to defer some of its expenses and revenues to future years. As at March 31, 2017 BC Hydro has recorded on its statement of financial position \$6,127 million (2016: \$6,324 million) as regulatory assets (deferred expenses) and \$530 million (2016: \$416 million) as regulatory liabilities (deferred revenue), for a net regulatory asset balance of \$5,597 million (2016: \$5,908 million).

Under ASC 980, rate regulated accounting requires that rates must be established by or are subject to approval by an independent third-party regulator, or by its own governing board empowered by statute or contract to establish rates that bind customers. Regulation 257/2010 waives the requirement for an independent third party regulator, contrary to ASC 980. While a third party regulator is in place, government has issued a number of directions to the regulator that must be followed in the rate setting process. In my view, in the summary financial statements, these directions from government do not meet the intent of the independence requirements of ASC 980, and are therefore not in accordance with PSAS.

The overall impact of government directions has been to increase the balance in BC Hydro's net regulatory asset accounts, thereby overstating the net earnings, equity and other comprehensive income in self supported crown corporations and agencies as recorded in these financial statements. I am not able to determine what the impact would have been had these directions not been issued, nor can I determine the amounts that would have been allowed had the regulatory system not included government direction, therefore I am not able to quantify the magnitude of this qualification on the statement of financial position and statement of operations included in

the summary financial statements. Because these government directions also existed in 2016, this qualification applies to both the 2017 and 2016 fiscal years.

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, 2017, 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, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

I report that, except for the effects of the inappropriate deferral of revenues and the inappropriate use of the modified equity basis of consolidation, as 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.



Carol Bellringer, FCPA, FCA
Auditor General

Victoria, British Columbia
August 11, 2017

Summary Financial Statements

Consolidated Statement of Financial Position as at March 31, 2017

	Note	In Millions	
		2017	2016
Financial Assets		\$	\$
Cash and cash equivalents.....		3,808	3,459
Temporary investments.....		424	433
Accounts receivable.....	3	4,166	3,761
Inventories for resale.....	4	74	77
Due from other governments.....	5	1,009	916
Due from self-supported Crown corporations and agencies.....	6	296	646
Equity in self-supported Crown corporations and agencies.....	7	7,511	7,531
Loans, advances and mortgages receivable.....	8	2,140	1,989
Other investments.....	9	2,575	2,254
Sinking fund investments.....	10	1,087	1,580
Loans for purchase of assets, recoverable from agencies.....	11	23,848	22,074
		<u>46,938</u>	<u>44,720</u>
Liabilities			
Accounts payable and accrued liabilities.....	12	6,107	5,689
Employee future benefits.....	13	2,072	2,069
Due to other governments.....	14	486	419
Due to Crown corporations, agencies and trust funds.....	15	85	63
Deferred revenue.....	16	9,661	9,779
Employee pension plans.....	17	187	246
Taxpayer-supported debt.....	18	42,396	44,127
Self-supported debt.....	19	23,739	21,925
		<u>84,733</u>	<u>84,317</u>
Net assets (liabilities).....	21	<u>(37,795)</u>	<u>(39,597)</u>
Non-financial Assets			
Tangible capital assets.....	22	41,303	40,282
Restricted assets.....	23	1,695	1,631
Prepaid program costs.....	24	981	891
Other assets.....	25	206	210
		<u>44,185</u>	<u>43,014</u>
Accumulated surplus (deficit).....	26	<u>6,390</u>	<u>3,417</u>
Measurement uncertainty.....	2		
Contingencies and contractual obligations.....	27		
Subsequent events.....	38		

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

Prepared in accordance with Canadian generally accepted accounting principles.



CARL FISCHER
Acting Comptroller General

Summary Financial Statements

Consolidated Statement of Operations

for the Fiscal Year Ended March 31, 2017

	In Millions		
	2017	2016	
	Estimates (Note 33) \$	Actual \$	Actual \$
Revenue			
Taxation (Note 28).....	24,304	27,093	24,326
Contributions from the federal government.....	8,008	8,167	7,647
Fees and licenses.....	5,995	6,213	5,836
Miscellaneous.....	3,210	3,508	3,298
Net earnings of self-supported Crown corporations and agencies (Note 7).....	3,002	2,525	2,710
Natural resources (Note 29).....	2,347	2,711	2,571
Investment income.....	1,200	1,242	1,214
	<u>48,066</u>	<u>51,459</u>	<u>47,602</u>
Expense (Note 30)			
Health	19,638	19,689	19,203
Education	12,476	12,468	12,212
Social services.....	4,268	4,243	4,106
Interest.....	2,635	2,587	2,786
Natural resources and economic development.....	2,018	2,504	2,477
Transportation	1,846	1,784	1,670
Other	1,793	2,260	1,264
Protection of persons and property.....	1,468	1,655	1,572
General government.....	1,310	1,532	1,501
	<u>47,452</u>	<u>48,722</u>	<u>46,791</u>
Surplus (deficit) for the year before unusual items.....	614	2,737	811
Forecast allowance.....	(350)		
Surplus (deficit) for the year.....	<u><u>264</u></u>	<u>2,737</u>	<u>811</u>
Accumulated surplus (deficit)—beginning of year as restated (Note 26).....		<u>3,841</u>	<u>3,030</u>
Accumulated surplus (deficit)—before other comprehensive income.....		<u>6,578</u>	<u>3,841</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 97)—beginning of year.....		(424)	223
Other comprehensive income from self-supported Crown corporations and agencies (see page 97).....		<u>236</u>	<u>(647)</u>
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 97)—end of year.....		<u>(188)</u>	<u>(424)</u>
Accumulated surplus (deficit)—end of year.....		<u><u>6,390</u></u>	<u><u>3,417</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, 2017

	In Millions		
	2017		2016
	Estimates \$	Actual \$	Actual \$
Surplus (deficit) for the year.....	264	2,737	811
Effect of change in tangible capital assets:			
Acquisition of tangible capital assets.....	(4,251)	(3,659)	(3,457)
(Gain) or loss on sale of tangible capital assets.....	(306)	(551)	(372)
Amortization of tangible capital assets.....	2,164	2,111	2,086
Disposals and valuation adjustments.....	398	1,078	489
	<u>(1,995)</u>	<u>(1,021)</u>	<u>(1,254)</u>
Effect of change in:			
Restricted assets.....	(55)	(64)	(78)
Prepaid program costs.....	(1)	(90)	(10)
Other assets.....	1	4	190
	<u>(55)</u>	<u>(150)</u>	<u>102</u>
Effect of self-supported Crown corporations' and agencies' other comprehensive income.....	568	236	(647)
Decrease (increase) in net liabilities.....	(1,218)	1,802	(988)
Net (liabilities)—beginning of year.....	(40,967)	(39,597)	(38,609)
Net (liabilities)—end of year (Note 21).....	<u>(42,185)</u>	<u>(37,795)</u>	<u>(39,597)</u>

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, 2017

	In Millions			2016
	2017		Net	
	Receipts	Disbursements		\$
	\$	\$	\$	\$
Operating Transactions				
Surplus (deficit) for the year ¹			2,737	811
Non-cash items included in surplus (deficit):				
Amortization of tangible capital asset.....			2,111	2,086
Amortization of public debt deferred revenue and deferred charges...			75	329
Concessionary loan adjustments (decrease).....			(6)	(11)
(Gain) or loss on sale of tangible capital assets.....			(551)	(372)
Valuation adjustment.....			206	231
Net earnings of self-supported Crown corporations and agencies.....			(2,525)	(2,710)
Temporary investments decrease.....			9	6
Accounts receivable (increase).....			(586)	(462)
Due from other governments (increase).....			(93)	(20)
Due from self-supported Crown corporations and agencies decrease			350	(13)
(increase).....				
Accounts payable and accrued liabilities increase.....			418	320
Employee future benefits increase.....			3	148
Due to other governments increase (decrease).....			67	(292)
Due to Crown corporations, agencies and funds increase.....			22	13
Employee pension plan (decrease).....			(59)	(15)
Items applicable to future operations (decrease).....			(215)	(79)
Contributions from self-supported Crown corporations and agencies ..			2,782	2,808
Cash derived from operations.....			4,745	2,778
Capital Transactions				
Tangible capital assets dispositions (acquisitions).....	1,077	(3,659)	(2,582)	(2,975)
Cash (used for) capital.....	1,077	(3,659)	(2,582)	(2,975)
Investment Transactions				
Investment in self-supported Crown corporations and agencies.....		(1)	(1)	(5)
Loans, advances and mortgages receivable (issues).....	230	(399)	(169)	(101)
Other investments—net (increase).....		(321)	(321)	(132)
Restricted assets—net (increase).....		(64)	(64)	(78)
Sinking fund investments—net decrease (increase).....	608	(135)	473	(658)
Cash (used for) investments.....	838	(920)	(82)	(974)
Sub-total cash excess (requirements).....			2,081	(1,171)

Summary Financial Statements

Consolidated Statement of Cash Flow—Continued for the Fiscal Year Ended March 31, 2017

	In Millions			2016	
	2017		Net		Net
	Receipts	Disbursements			
	\$	\$	\$	\$	
Sub-total cash excess (requirements) carried forward from previous page.....			2,081	(1,171)	
Financing Transactions²					
Public debt increases.....	27,452	(27,382)	70	2,847	
Derived from Warehouse Borrowing Program investments.....	670	(670)			
(Used for) purchase of assets, recoverable from agencies.....	11,235	(13,037)	(1,802)	(1,453)	
Cash (used for) derived from financing.....	<u>39,357</u>	<u>(41,089)</u>	<u>(1,732)</u>	<u>1,394</u>	
Increase in cash and cash equivalents.....			349	223	
Cash and cash equivalents—beginning of year.....			<u>3,459</u>	<u>3,236</u>	
Cash and cash equivalents—end of year			<u>3,808</u>	<u>3,459</u>	
Cash and cash equivalents are made up of:					
Cash.....			2,938	2,421	
Cash equivalents.....			<u>870</u>	<u>1,038</u>	
			<u>3,808</u>	<u>3,459</u>	

¹Interest received during the year was \$1,241 million (2016: \$1,195 million). Interest paid during the year was \$2,594 million (2016: \$2,763 million). Interest received is made up of interest income from the Statement of Operations in the amount of \$1,242 million (2016: \$1,214 million) plus the change in accrued interest receivable in the amount of \$(1) million (2016: \$(19) million). Interest paid is made up of interest expense from the Statement of Operations in the amount of \$2,587 million (2016: \$2,786 million) plus the change in accrued interest payable in the amount of \$7 million (2016: \$(23) million).

²Financing 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, 2017

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 83 – 85. 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 143.

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 Real Estate Council of British Columbia (June 30) and all school districts (June 30).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—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 86 – 93. 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, 2017—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-ratio 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 144. 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, 2017—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, 2017—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, 2017—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, 2017—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 ¹	Measurement Uncertainty		Range	
	Amount Recorded	Minimum	Maximum	Minimum	Maximum
	\$	\$	\$	\$	\$
Liabilities					
<i>Accounts Payable and Accrued Liabilities</i>					
Litigation and Arbitration	138	113	188	(25)	50
Crime Victim Assistance Program	169	158	180	(11)	11
Silviculture Liability.....	118	106	129	(12)	11
Employee Leave Entitlements.....	314	304	323	(10)	9
Variability arises from uncertainty of the outcomes or the use of estimates.					
Revenues					
<i>Taxation</i>					
Personal Income Tax.....	9,704	9,304	10,104	(400)	400
<i>Contributions from the Federal Government</i>					
Canada Health Transfer payments ²	4,723	4,687	4,759	(36)	36
Canada Social Transfer payments ²	1,748	1,735	1,761	(13)	13
Expenses (Note 30)					
<i>Government Transfers</i>					
Tax Transfers	1,031	931	1,131	(100)	100

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

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

²Canada 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, 2017—Continued

3. Accounts Receivable

	In Millions	
	2017	2016
	\$	\$
Accounts receivable.....	2,894	2,575
Taxes receivable.....	1,754	1,648
Accrued interest.....	326	325
	4,974	4,548
Provision for doubtful accounts.....	(808)	(787)
	<u>4,166</u>	<u>3,761</u>

4. Inventories for Resale

	In Millions	
	2017	2016
	\$	\$
Properties.....	24	32
Miscellaneous.....	50	45
	<u>74</u>	<u>77</u>

Inventories for resale are charged to the statement of operations when sold. During the year, the total cost of sales was \$150 million (2016: \$163 million) including the effect of write-downs of \$1 million (2016: \$1 million). Write-downs occurred due to obsolete materials no longer used, damaged goods, and reductions in the market value of goods.

5. Due from Other Governments

	In Millions	
	2017	2016
	\$	\$
Government of Canada:		
Current.....	919	834
Provincial governments:		
Current.....	30	29
Local governments: ¹		
Current.....	41	36
Long-term.....	19	17
	<u>1,009</u>	<u>916</u>

¹Local 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, 2017—Continued

6. Due from Self-supported Crown Corporations and Agencies

	In Millions	
	2017	2016
	\$	\$
British Columbia Lottery Corporation.....	150	130
Columbia Power Corporation.....	69	2
UBC Properties Investments Ltd.....	37	28
British Columbia Liquor Distribution Branch.....	28	12
British Columbia Hydro and Power Authority.....	5	331
Vancouver Island Technology Park Trust.....	3	2
Great Northern Way Campus Trust.....	2	2
Heritage Realty Properties Ltd.....	2	1
Insurance Corporation of British Columbia.....		138
	<u>296</u>	<u>646</u>

See Statement of Financial Position for Self-supported Crown Corporations and Agencies on pages 94 – 95 for details.

7. Equity in Self-supported Crown Corporations and Agencies

	In Millions			2016	
	2017				
	Investments	Unremitted Earnings	Other Comprehensive Income	Total	Total
	\$	\$	\$	\$	\$
British Columbia Hydro and Power Authority.....	20	4,862	27	4,909	4,499
Insurance Corporation of British Columbia.....		2,460	(33)	2,427	2,845
Columbia Power Corporation.....	26	176		202	231
British Columbia Lottery Corporation.....		(17)	(24)	(41)	(74)
Transportation Investment Corporation.....	150	(475)	(150)	(475)	(417)
	<u>196</u>	<u>7,006</u>	<u>(180)</u>	<u>7,022</u>	<u>7,084</u>
Self-Supported Subsidiaries¹					
Columbia Basin Trust joint ventures ²	197	16		213	204
British Columbia Railway Company ³	107	40	(8)	139	137
Great Northern Way Campus Trust ⁴	67	10	(1)	76	61
UBC Properties Investments Ltd.....		27		27	34
Real Estate Errors and Omissions Insurance Corporation ⁵		20	1	21	
SFU Community Trust.....		8		8	6
Vancouver Island Technology Park Trust ⁶	1	1		2	2
Heritage Realty Properties Ltd ⁶		2		2	2
Miscellaneous.....	1			1	1
	<u>373</u>	<u>124</u>	<u>(8)</u>	<u>489</u>	<u>447</u>
	<u>569</u>	<u>7,130</u>	<u>(188)</u>	<u>7,511</u>	<u>7,531</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

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

	In Millions				2016
	2017			Total	
	Investments	Unremitted Earnings	Other Comprehensive Income		
\$	\$	\$	\$	\$	
Change in Equity in Self-supported Crown Corporations and Agencies					
Balance—beginning of year.....	196	7,302	(414)	7,084	7,875
Increase (decrease) in other comprehensive income.....			234	234	(647)
Net earnings of self-supported Crown corporations and agencies.....		2,444		2,444	2,657
Dividends.....		(2,485)		(2,485)	(2,552)
Adjustments to dividends.....		(255)		(255)	(249)
Balance—end of year.....	196	7,006	(180)	7,022	7,084
Self-Supported Subsidiaries					
Balance—beginning of year.....	372	27	(10)	389	396
Prior period adjustments.....		58		58	
Balance—beginning of year restated.....	372	85	(10)	447	396
Increase (decrease) in investment.....	1			1	5
Increase (decrease) in other comprehensive income.....			2	2	
Net earnings of self-supported Crown corporations and agencies.....		81		81	53
Dividends.....		(43)		(43)	(33)
Transfers (to) from deferred revenue.....		1		1	26
Balance—end of year.....	373	124	(8)	489	447
	569	7,130	(188)	7,511	7,531

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

²Brilliant 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.

³A subsidiary of BC Transportation Financing Authority.

⁴Great 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.

⁵A subsidiary of the Real Estate Council of BC.

⁶Subsidiaries 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 94–97 for details.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

8. Loans, Advances and Mortgages Receivable

	In Millions	
	2017	2016
	\$	\$
Loans and Advances		
BC student loans.....	1,242	1,247
Land tax deferment loans.....	828	739
Construction loans to social housing projects.....	277	204
Miscellaneous.....	92	95
	2,439	2,285
Provision for doubtful accounts.....	(329)	(329)
	2,110	1,956
Mortgages Receivable		
Reconstruction Program.....	31	35
Provision for doubtful accounts.....	(1)	(2)
	30	33
	<u>2,140</u>	<u>1,989</u>

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 if minimum payment requirements have been met. 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.

Miscellaneous loans include commercial loans of \$38 million (2016: \$40 million) issued by Columbia Basin Trust bearing interest of 3.60% to 7.50% maturing by 2034, and loans of \$23 million (2016: \$24 million) issued by University of Victoria to subsidiary government business enterprises bearing interest of 5.13% to 7.70% maturing by 2030.

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.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

9. Other Investments

	In Millions	
	2017	2016
	\$	\$
Pooled investment portfolios.....	828	839
Provincial government bonds.....	592	332
Equity investments.....	364	344
Municipal, corporate and other bonds.....	201	235
Commercial loans and investments.....	118	118
British Columbia Ferry Services Inc.....	75	75
Government of Canada bonds.....	11	17
Miscellaneous.....	386	294
	<u>2,575</u>	<u>2,254</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 \$1,012 million (2016: \$1,005 million).

Provincial bonds of various provinces have a market value of \$600 million (2016: \$342 million), with yields ranging from 0.50% to 7.60%. Maturity dates range from June 2, 2017 to December 1, 2045.

Equity investments have a market value of \$526 million (2016: \$444 million). They include investments in Canadian, U.S. and international equity markets.

Municipal, corporate and other bonds have a market value of \$216 million (2016: \$246 million) with yields ranging from 0.20% to 11.53%. Maturity dates range from May 12, 2017 to October 12, 2056.

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 (2016: \$118 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 \$11 million (2016: \$17 million), with yields ranging from 0.50% 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 \$366 million (2016: \$303 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

10. Sinking Fund Investments

	In Millions	
	2017	2016
	\$	\$
Sinking fund investments related to taxpayer-supported debt.....	897	1,408
Sinking fund investments related to self-supported debt.....	190	172
	<u>1,087</u>	<u>1,580</u>

	In Millions	
	2017	2016
	\$	\$
Provincial government bonds.....	389	362
Pooled investment portfolios.....	11	10
Local government bonds.....	5	5
Miscellaneous.....	682	1,203
	<u>1,087</u>	<u>1,580</u>

Provincial bonds of various provinces have a market value of \$473 million (2016: \$447 million), with yields ranging from 1.06% to 3.94%. Maturity dates range from December 1, 2018 to February 15, 2045.

Pooled investment portfolios have a market value of \$11 million (2016: \$10 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 (2016: \$6 million), with yields of 2.34%. 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 \$682 million (2016: \$1,203 million). These consist of Renminbi and Indian Rupee denominated bond proceeds held in investment accounts.

11. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions	
	2017	2016
	\$	\$
British Columbia Hydro and Power Authority.....	19,773	18,007
Transportation Investment Corporation.....	3,632	3,614
Columbia Power Corporation.....	291	296
British Columbia Lottery Corporation.....	145	150
Improvement districts.....	7	7
	<u>23,848</u>	<u>22,074</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

12. Accounts Payable and Accrued Liabilities

	In Millions	
	2017	2016
	\$	\$
Accounts payable.....	2,880	2,756
Other accrued estimated liabilities ¹	2,552	2,250
Accrued interest on debt.....	675	683
	<u>6,107</u>	<u>5,689</u>

¹Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims as disclosed in Note 27.

13. Employee Future Benefits

	In Millions	
	2017	2016
	\$	\$
Vacation, compensatory time off, sick bank.....	1,067	1,039
Retirement allowance.....	706	683
Post-retirement benefits.....	131	125
Long-term disability.....	93	151
Worker compensation benefits.....	75	71
	<u>2,072</u>	<u>2,069</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 \$148 million. During the year, unamortized actuarial losses (gains) were \$5 million (2016: \$4 million); the amount of benefits paid was \$18 million (2016: \$17 million); and the date of the most recent actuarial valuation performed for accounting purposes was September 30, 2016.

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, 2017—Continued

14. Due to Other Governments

	In Millions	
	2017	2016
	\$	\$
Government of Canada:		
Current.....	310	330
Long-term.....	1	1
Provincial governments:		
Current.....	22	25
Local governments: ¹		
Current.....	153	63
	<u>486</u>	<u>419</u>

¹Local 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	
	2017	2016
	\$	\$
Great Northern Way Campus Trust.....	18	
Trust funds.....	67	63
	<u>85</u>	<u>63</u>

16. Deferred Revenue

	In Millions	
	2017	2016
	\$	\$
Deferred contributions.....	3,767	3,408
Federal and municipal infrastructure project revenues.....	1,643	1,587
Federal contributions.....	1,182	1,029
Unearned lease revenue.....	929	816
Petroleum, natural gas and minerals, leases and fees.....	874	1,406
Tuition.....	328	285
Motor vehicle licences and permits.....	286	270
Medical Services Plan premiums.....	125	118
Derivative debt instruments.....	119	138
Water rentals and recording fees.....	109	121
Forest Stand Management Fund.....	12	12
Miscellaneous.....	287	589
	<u>9,661</u>	<u>9,779</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

17. Employee Pension Plans

	In Millions	
	2017	2016
	\$	\$
Teachers' Pension Plan.....	186	244
Members of the Legislative Assembly Superannuation Account.....	1	2
	<u>187</u>	<u>246</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 \$733 million (2016: \$706 million), with estimated pension fund assets of \$825 million (2016: \$784 million), and an unamortized actuarial gain (loss) of \$74 million (2016: \$83 million). The accrued net asset (liability) is \$18 million (2016: \$(5) 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 \$7,097 million (2016: \$6,753 million), with estimated pension fund assets of \$5,887 million (2016: \$5,313 million). The accrued net (liability) asset is \$(1,210) million (2016: \$(1,440) 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, 2017—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 2016/17 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 31/15	Dec 31/14	Aug 31/15
Date of audited financial statements.....	Mar 31/16	Dec 31/15	Dec 31/15	Aug 31/16
Expected long-term rate of return.....	6.50%	6.25%	6.50%	6.25%

The audited financial statements of each pension plan listed, except the Account, may be found in the annual reports at www.pensionsbc.ca outside these audited statements.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

17. Employee Pension Plans—Continued

(d) Accrued net obligation (asset) table

The estimated financial position as at March 31, 2017, 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.....	18,158	25,224	18,915	3,461	65,758
Pension fund assets.....	19,244	26,347	18,679	3,637	67,907
	(1,086)	(1,123)	236	(176)	(2,149)
Unamortized actuarial gain (loss).....	(136)	308	136	133	441
Accrued net obligation (asset).....	(1,222)	(815)	372	(43)	(1,708)
Province's accrued net obligation – 50%.....			186		186

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, 2016 for each plan are: College Pension Plan 6.0% (2016: 8.4%), Public Service Pension Plan 6.1% (2016: 9.3%), Municipal Pension Plan 5.9% (2016: 8.7%), and Teachers' Pension Plan 6.0% (2016: 9.3%).

(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 \$78 million (2016: \$74 million), the Public Service Pension Plan \$353 million (2016: \$337 million), the Municipal Pension Plan \$740 million (2016: \$695 million), and the Teachers' Pension Plan \$393 million (2016: \$418 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

18. Taxpayer-supported Debt¹

	Year of Maturity	Canadian Dollar	In Millions		2017	2016
			US Dollar ²	Other Currencies ²		
		\$	\$	\$	\$	\$
Short-term promissory notes.....	2017				0	3,778
	2018	661	591		1,252	0
Notes, bonds and debentures ³	2017				0	2,252
	2018	713	1,526	436	2,675	2,293
	2019	2,228		878	3,106	3,123
	2020	2,168		103	2,271	2,167
	2021	1,936			1,936	1,919
	2022	2,389	990		3,379	3,383
	2023–2027	7,866	2,215	1,231	11,312	9,851
	2028–2032	4,571		96	4,667	4,455
	2033–2037	1,340		371	1,711	1,319
	2038–2042	4,114		169	4,283	4,109
	2043–2047	3,669		145	3,814	3,514
	2048–2052	1,451			1,451	1,447
	2053–2057	130			130	130
	2058–2062				0	0
	2063	181			181	181
Capital leases.....	2017–2048	193			193	194
Total debt issued at face value.....		33,610	5,322	3,429	42,361	44,115
Unamortized premium.....					35	12
Total taxpayer-supported debt.....					42,396	44,127
The effective interest rates (weighted average) as at March 31 on the above debt are:						
	2017.....				3.94%	
	2016.....					3.60%

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

²Foreign currency denominated debt as at March 31, 2017 includes US\$4,690 million which was fully hedged to CAD\$5,322 million; 700 million Swiss Francs was fully hedged into CAD\$831 million; 713 million EURO was fully hedged to CAD\$1,034 million, \$870 million AUD was fully hedged to CAD\$881 million, CNY 3 billion (CAD\$580 million) and INR 5 billion (CAD\$103 million) were fully hedged with an investment in the same currency.

³Notes, bonds and debentures includes \$2,725 million (2016: \$2,877 million) in public private partnership obligations and \$36 million (2016: \$39 million) in other loans.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—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 (2016: \$3,271 million) at a weighted average interest rate of 5.14% (2016: 5.13%). These debentures mature at various dates from June 11, 2017 to May 10, 2041 with interest rates varying between 2.55% 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, \$167 million (2016: \$39 million) Canada Pension Plan debentures were issued.

Mortgages

Balances include mortgages totalling \$185 million (2016: \$186 million) secured by land and buildings. The carrying value is \$178 million (2016: \$176 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:

	<u>In Millions</u>
	\$
2018.....	3,062
2019.....	2,555
2020.....	2,193
2021.....	1,933
2022.....	3,373
2023–2063.....	<u>27,509</u>
Total of stated minimum payments.....	<u>40,625</u>

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 2 years and 42 years, with interest rates ranging between 0.00% and 16.36%.

Major leases include: Vancouver Coastal Health Authority capital lease obligation for the Gordon and Leslie Diamond Health Care Centre of \$106 million (2016: \$108 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 (2016: \$38 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 \$21 million (2016: \$19 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, 2017—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
	\$
2018.....	22
2019.....	18
2020.....	15
2021.....	13
2022.....	13
2023–2048.....	239
Total minimum lease payments.....	320
Less imputed interest.....	(127)
Total capital lease liability.....	193

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

19. Self-supported Debt¹

	Year of Maturity	In Millions			2017	2016
		Canadian Dollar	US Dollar ²	Other Currencies ²		
		\$	\$	\$	\$	\$
Short-term promissory notes.....	2017				0	3,256
	2018	2,582	795		3,377	0
Notes, bonds and debentures.....	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	526			526	526
	2023–2027	3,200	645	392	4,237	3,531
	2028–2032	3,109			3,109	2,809
	2033–2037		376	200	576	374
	2038–2042	1,524			1,524	1,524
	2043–2047	5,218			5,218	5,218
	2048–2052	2,120			2,120	1,620
	2053–2057	60			60	60
	2058–2062				0	0
	2063	50			50	50
Total debt issued at face value.....		21,234	2,020	592	23,846	22,017
Unamortized premium (discount).....					(91)	(82)
Unrealized foreign exchange gain (loss).....					(16)	(10)
Total self-supported debt.....					23,739	21,925

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

2017.....	3.88%
2016.....	4.01%

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

²Foreign currency denominated debt as at March 31, 2017 includes US\$1,595 million (CAD\$2,020 million), of which US\$1,368 million was fully hedged to CAD\$1,718 million and US\$227 million was unhedged (CAD\$302 million), and 402 million EURO was fully hedged to CAD\$592 million.

Notes, bonds and debentures

Redeemable by the province

Balances include debentures issued to the Canada Pension Plan totalling \$371 million (2016: \$371 million) at a weighted average interest rate of 3.98% (2016: 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 (2016: nil).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—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
	\$
2018.....	40
2019.....	1,234
2020.....	675
2021.....	1,100
2022.....	526
2023–2063.....	16,894
Total of stated minimum payments.....	<u>20,469</u>

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 rates, foreign exchange rates, 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, advanced rate setting agreements 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 and forward foreign exchange contracts 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 or advanced rate setting agreements.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

20. Risk Management and Derivative Financial Instruments—Continued

Taxpayer-supported Portfolios (Notional Values)

Year of Maturity	In Millions			Total
	Cross- Currency Swaps ¹	Interest Rate Swaps ¹	Forward Foreign Exchange Contracts ¹	
	\$	\$	\$	\$
2018	1,997		592	2,589
2019	298			298
2020		300		300
2021		100		100
2022	990	442		1,432
2023–2027	3,446	1,618		5,064
2028–2032	96	579		675
2033–2037	371	27		398
2038–2042	169	100		269
2043–2047	145			145
Total.....	7,512	3,166	592	11,270

¹At March 31, 2017, fair market valuation was an unrealized gain of \$919 million (2016: \$1,900 million) on cross-currency swaps, an unrealized gain of \$294 million (2016: \$327 million) on interest rate swaps, and no unrealized gain or loss (2016: \$5 million unrealized 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 unrealized gains and losses are subject to measurement uncertainty.

Self-supported Portfolios (Notional Values)

Year of Maturity	In Millions				Total
	Cross- Currency Swaps ²	Interest Rate Swaps ²	Advanced Rate Setting Agreements ²	Forward Foreign Exchange Contracts ²	
	\$	\$	\$	\$	\$
2018			400	795	1,195
2019				204	204
2020					0
2021					0
2022					0
2023–2027	391			436	827
2028–2032		2,800			2,800
2033–2037	200			283	483
2038–2042					0
2043–2047					0
2048–2052		400			400
Total.....	591	3,200	400	1,718	5,909

²At March 31, 2017, fair market valuation was an unrealized loss of \$31 million (2016: \$11 million) on cross currency swaps, an unrealized gain of \$188 million (2016: nil) on interest rate swaps, an unrealized gain of \$17 million (2016: nil) on advanced rate setting agreements, and an unrealized gain of \$70 million (2016: \$9 million) on forward foreign exchange contracts. These unrealized gains and losses are incurred on derivatives held in matched hedging arrangements with related debt instruments that are held to maturity. The unrealized gains or losses on these hedging derivatives are offset by corresponding unrealized gains or losses on the matched debt instruments. These unrealized gains and losses are subject to measurement uncertainty.

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—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 \$27,318 million (2016: \$31,245 million), allow floating rate exposure up to 45.00% (2016: 45.00%) of this portion of the taxpayer-supported debt. At March 31, 2017, floating rate debt exposure was 17.40% (2016: 25.30%) 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% (2016: 25.00%) of their debt which totals \$19,682 million (2016: \$17,918 million). At March 31, 2017, floating rate debt exposure for BC Hydro was 14.40% (2016: 13.30%) of their debt.

Based on the taxpayer-supported and self-supported debt portfolios at March 31, 2017, a one percent change in interest rates would impact the annual debt servicing expense by \$64 million (2016: \$82 million) for the taxpayer-supported debt portfolio and \$34 million (2016: \$33 million) for the self-supported debt portfolio.

At March 31, 2017, swap agreements relating to investments held by taxpayer-supported portfolios included interest rate swaps totalling \$44 million (2016: \$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 \$27,318 million (2016: \$31,245 million), allow unhedged foreign debt exposure up to 10.00% (2016: 10.00%) of this portion of the taxpayer-supported debt. At March 31, 2017, there was no unhedged foreign debt exposure of the government direct debt portfolio (2016: nil).

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 5.00% (2016: 5.00%) of its debt, which totals \$19,682 million (2016: \$17,918 million). At March 31, 2017, 0.50% (2016: 0.70%) 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, 2017, a one cent change in the Canadian dollar versus the US dollar would not impact the annual debt servicing cost (2016: nil) for the taxpayer-supported debt portfolio; however, the self-supported debt portfolio would increase by \$1 million (2016: \$1 million).

At March 31, 2017, swap agreements relating to investments held by taxpayer-supported portfolios included cross-currency swaps totalling \$36 million (2016: \$35 million), and forward currency contracts of nil (2016: \$41 million).

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, 2017—Continued

21. Net Liabilities

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

22. Tangible Capital Assets

	In Millions	
	2017	2016
	\$	\$
Land and land improvements.....	4,836	4,681
Buildings (including tenant improvements).....	21,196	20,278
Highway infrastructure.....	9,723	9,621
Transportation equipment.....	2,434	2,729
Computer hardware and software.....	1,301	1,183
Other.....	1,813	1,790
	<u>41,303</u>	<u>40,282</u>

See Consolidated Statement of Tangible Capital Assets on page 98.

The estimated useful lives of the more common tangible capital assets are: buildings (3–90 years); highway infrastructure (3–40 years); transportation equipment (including rapid transit, ferries and related infrastructure) (15–100 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 in fiscal 2015/16. 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, Evergreen Line, the Expo Line Skytrain systems 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 January 2018. These agreements may be renewed, if mutually agreed, for successive five year terms as long as the assets remain a part of the Greater Vancouver regional transportation system. The net book value of these assets is \$2,315 million (2016: \$1,467 million).

The province received donations of tangible capital assets during the year of \$1 million (2016: \$2 million).

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

23. Restricted Assets

	In Millions	
	2017	2016
	\$	\$
Endowment funds.....	1,695	1,631

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	
	2017	2016
	\$	\$
Prepaid program costs.....	981	891

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, 2017, the total inventories held for use or consumption was \$349 million (2016: \$303 million). During the year, the total expense due to the consumption of inventories was \$1,442 million (2016: \$1,383 million) including the effect of write-downs of \$2 million (2016: \$3 million). Included in Prepaid Program Costs was \$269 million (2016: \$219 million) related to the BC Public Service Long Term Disability Plan. This amount is also included in Note 32.

25. Other Assets

	In Millions	
	2017	2016
	\$	\$
Deferred debt instrument costs.....	202	209
Other deferred costs.....	4	1
	206	210

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

26. Accumulated Surplus (Deficit)

	In Millions	
	2017	2016
	\$	\$
Accumulated surplus (deficit)—before other comprehensive income—beginning of year as previously reported ¹	3,803	3,073
Adjustments to accumulated surplus (deficit) ^{2,3}	38	(43)
Accumulated surplus (deficit)—beginning of year as restated.....	3,841	3,030
Surplus (deficit) for the year ⁴	2,737	811
Accumulated surplus (deficit)—before other comprehensive income.....	6,578	3,841
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 97)—beginning of year.....	(424)	223
Other comprehensive income from self-supported Crown corporations and agencies (see page 97).....	236	(647)
Accumulated other comprehensive income from self-supported Crown corporations and agencies (see page 97)—end of year.....	(188)	(424)
Accumulated surplus (deficit)—end of year.....	6,390	3,417

¹The opening accumulated surplus (deficit) figures for April 1, 2016 and April 1, 2015 are reported before accumulated other comprehensive income.

²During 2016/17, adjustments were made to the opening accumulated surplus for 2015/16 as follows:

Restatement for University of British Columbia endowment investments.....	(43)
Total.....	(43)

³During 2016/17, adjustments were made to the opening accumulated surplus for 2016/17 for the following items:

Restatement for University of British Columbia endowment investments.....	(47)
Restatement for the first time inclusion of the Forest Enhancement Society of BC.....	85
Total.....	38

⁴During 2016/17 adjustments were made to the reported surplus figure for the 2015/16 fiscal year as follows:

Restatement for University of British Columbia endowment investments.....	(4)
Restatement for the first time inclusion of the Forest Enhancement Society of BC.....	85
Total.....	81

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

27. Contingencies and Contractual Obligations

(a) GUARANTEED DEBT

The authorized limit for loans guaranteed by the province as at March 31, 2017 was \$397 million (2016: \$397 million). These guarantees include amounts where indemnities have been made for explicit quantifiable loans. Guaranteed debt as at March 31, 2017 totalled \$10 million (2016: \$11 million). See Consolidated Statement of Guaranteed Debt on page 99 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	
	2017	2016
	\$	\$
Property access disputes.....	304	304
Contract disputes.....	123	124
Tax disputes.....	121	106
Damage to persons or property.....	2	2
Negligence and miscellaneous.....	13	11
	<u>563</u>	<u>547</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, 2017 was \$116 million (2016: \$73 million).

Tax Appeals

The province has received appeals under various tax statutes totalling \$42 million (2016: \$60 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, 2017—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	
	2017	2016
	\$	\$
Mine sites.....	258	264
Transportation infrastructure.....	49	50
Industrial sites.....	21	22
Pulp mills.....	15	18
Salt sheds.....	5	5
Maintenance yards.....	4	5
Miscellaneous.....	52	36
	<u>404</u>	<u>400</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, 2017, the weighted average cost of capital is 3.94% (2016: 3.60%).

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 \$339 million (2016: \$390 million) accrued by British Columbia Hydro and Power Authority, and \$92 million (2016: \$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, 2017, there were 65 First Nations in various stages of negotiation, including 40 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, 2017—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.

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
- 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, 1,001 hectares
- Homalco, 822 hectares
- Lheidli T'enneh, 3,416 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, 2017 was approximately \$537 million (2016: \$523 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, 2017—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 unrecorded contingent liabilities of \$71 million (2016: \$171 million), including \$43 million (2016: \$137 million) for expropriation claims and \$25 million (2016: \$25 million) for contaminated sites.
- (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/16_17/Contractual_Obligations.pdf.

	In Millions						Total
	2018	2019	2020	2021	2022	2023 and beyond	
	\$	\$	\$	\$	\$	\$	\$
Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies							
Health.....	2,105	728	607	481	422	5,178	9,521
Education.....	263	112	55	35	23	151	639
Social services.....	207	7	1				215
Natural resources and economic development.....	77	78	77	15	15	120	382
Transportation.....	944	656	357	284	277	8,931	11,449
Other.....	427	253	231	224	218	5,652	7,005
Protection of persons and property.....	382	370	361	351	351	3,576	5,391
General government.....	478	426	250	162	55	39	1,410
	<u>4,883</u>	<u>2,630</u>	<u>1,939</u>	<u>1,552</u>	<u>1,361</u>	<u>23,647</u>	<u>36,012</u>
Self-supported Crown corporations and agencies							
Natural resources and economic development.....	3,399	2,496	2,303	2,049	2,062	47,070	59,379
Transportation.....	66	31	10	2	3		112
Protection of persons and property.....	5	6	6	6	3		26
General government.....	104	38	29	23	17	68	279
	<u>3,574</u>	<u>2,571</u>	<u>2,348</u>	<u>2,080</u>	<u>2,085</u>	<u>47,138</u>	<u>59,796</u>
Total.....	<u>8,457</u>	<u>5,201</u>	<u>4,287</u>	<u>3,632</u>	<u>3,446</u>	<u>70,785</u>	<u>95,808</u>

Notes to Consolidated Summary Financial Statements for the Fiscal Year Ended March 31, 2017—Continued

28. Taxation Revenue

	In Millions	
	2017	2016
	\$	\$
Personal income.....	9,704	8,380
Provincial sales.....	6,601	6,045
Corporate income.....	3,003	2,787
Property.....	2,279	2,219
Property transfer.....	2,026	1,533
Carbon.....	1,220	1,190
Fuel.....	970	973
Tobacco.....	737	734
Harmonized sales.....	5	(55)
Other.....	548	520
	<u>27,093</u>	<u>24,326</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 \$96 million (2016: \$89 million) and corporate income tax were \$100 million (2016: \$89 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 \$157 million (2016: \$147 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 \$19 million (2016: \$21 million).

Property tax revenue was recorded net of home owner grants of \$797 million (2016: \$789 million).

29. Natural Resource Revenue

	In Millions	
	2017	2016
	\$	\$
Petroleum, natural gas and minerals.....	1,187	1,130
Forests.....	913	865
Water and other.....	611	576
	<u>2,711</u>	<u>2,571</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 \$363 million (2016: \$348 million). Natural resource revenue includes mining taxes of \$258 million (2016: \$103 million) and logging taxes of \$30 million (2016: \$38 million).

The province offers credits for certain costs incurred by producers including the deep well, road and summer drilling programs. Deep well credits of \$2,148 million (2016: \$1,918 million), road credits of \$9 million (2016: \$29 million) and summer drilling credits of \$3 million (2016: \$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, 2017—Continued

30. Expense

	In Millions	
	2017	2016
Total Expense by Group Account Classification	\$	\$
Salaries and benefits.....	18,868	18,418
Government transfers.....	12,737	11,614
Operating costs.....	11,518	11,046
Interest ¹	2,587	2,786
Amortization.....	2,111	2,086
Other.....	901	841
	<u>48,722</u>	<u>46,791</u>

¹Includes foreign exchange loss amortization of \$1 million (2016: loss amortization of \$1 million).

31. Valuation Allowances

	In Millions	
	2017	2016
	\$	\$
Accounts receivable.....	181	190
Loans, advances and mortgages receivable.....	24	25
Investments.....		9
Tangible capital assets.....	1	7
	<u>206</u>	<u>231</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, 2017—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	2017	2016
	\$	\$	\$	\$
Public Guardian and Trustee of British Columbia ¹				
—administered by government officials.....	974	(40)	934	863
Credit Union Deposit Insurance Corporation of British Columbia ¹				
—administered by various government officials and a non-government investment corporation.....	596	(1)	595	542
Supreme and provincial court (Suitors' Funds)				
—administered by the Courts.....	98		98	86
Other trust funds				
—administered by various government officials.....	177	(28)	149	125
	<u>1,845</u>	<u>(69)</u>	<u>1,776</u>	<u>1,616</u>

BC Public Service Long Term Disability Plan

	In Millions			
	Assets	Liabilities	2017	2016
	\$	\$	\$	\$
Plan participants within the government reporting entity.....	618	(327)	291	229
Plan participants outside the government reporting entity.....	35	(27)	8	9
	<u>653</u>	<u>(354)</u>	<u>299</u>	<u>238</u>

Equity for participants within the government reporting entity is comprised of \$283 million for the Consolidated Revenue Fund and \$8 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, 2017 was \$269 million (2016: \$219 million).

¹These 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, 2017—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, 2017*, presented to the Legislative Assembly February 16, 2016.

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 Obligations¹

	In Millions	
	2017	2016
Consolidated Revenue Fund and Taxpayer-supported Crown corporations and agencies	\$	\$
Education.....	20	20
Natural resources and economic development.....	10	9
Health.....	3	3
Social services.....	1	
	<u>34</u>	<u>32</u>
Self-supported Crown corporations and agencies		
Transportation.....	135	145
Natural resources and economic development.....	52	56
General government.....	2	2
	<u>189</u>	<u>203</u>
	<u>223</u>	<u>235</u>

¹Additional 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, 2017—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	
	2017	2016
	\$	\$
Financial assets.....	95	93
Liabilities.....	121	126
Net liabilities.....	(26)	(33)
Non-financial assets.....	59	54
Accumulated surplus (deficit).....	33	21

Consolidated Statement of Operations	In Millions	
	2017	2016
	\$	\$
Revenue.....	193	168
Expenses.....	181	173
Surplus (deficit) for the year.....	12	(5)
Accumulated surplus (deficit)—beginning of year.....	21	26
Accumulated surplus (deficit)—end of year.....	33	21

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, 2017 of \$5,597 million (2016: \$5,908 million). Regulatory accounting resulted in a decrease to net income for BC Hydro for the year ended March 31, 2017 of \$(108) million (2016: \$403 million increase). 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, 2017—Continued

38. Subsequent Events

Transportation Investment Corporation

Subsequent to March 31, 2017, specific commitments were made by political parties to reduce or remove tolls on the Port Mann Bridge. The Port Mann Bridge is operated by the Transportation Investment Corporation, a self-supported government business enterprise.

If these commitments are implemented through a future action of government, the Transportation Investment Corporation would no longer be considered self-supported for accounting purposes and would be fully consolidated as a taxpayer-supported entity. The details of presentation will be recognized in the period a transaction or event occurs, and are described below for illustrative purposes.

If the change had occurred at March 31, 2017, the impact on the Statement of Financial Position would be a decrease in Loans for purchase of assets, recoverable from agencies of \$3.6 billion, an increase in Tangible capital assets of \$3.1 billion, an increase of \$0.5 billion in the Investment in the Transportation Investment Corporation, and \$3.4 billion in Self-supported debt would be reclassified as Taxpayer-supported debt. The impact on the Statement of Operations would be an increase of \$81 million in the Net earnings of self-supported Crown corporations, Fees revenue would increase by \$151 million, Investment income would decrease by \$139 million and Transportation expenses would increase by \$93 million.

There would be no change to the surplus reported in the Summary Financial Statements.

**Supplementary Statement to the
Consolidated Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2017**
TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Consolidated Revenue Fund¹

Health Sector

BC Clinical and Support Services Society²
Canadian Blood Services³
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 Hospital⁴

Education Sector

BCNET
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, 2017—Continued**
TAXPAYER–SUPPORTED CROWN CORPORATIONS AND AGENCIES
(GOVERNMENT ORGANIZATIONS)
RECORDED ON A CONSOLIDATED BASIS

Education Sector—Continued

Private Career Training Institutions Agency⁵
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
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.
Forest Enhancement Society of BC²
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

Protection of Persons and Property Sector

British Columbia Securities Commission
Organized Crime Agency of British Columbia Society
Real Estate Council of British Columbia²
Real Estate Foundation of British Columbia²

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, 2017—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 Authority⁶
British Columbia Liquor Distribution Branch⁷
British Columbia Lottery Corporation⁷
British Columbia Railway Company⁸
Columbia Power Corporation⁶
Insurance Corporation of British Columbia⁹
Transportation Investment Corporation⁸

¹The Consolidated Revenue Fund has been allocated to the appropriate sector on the Consolidated Statement of Financial Position by Sector (page 86) and on the Consolidated Statement of Operations by Sector (page 90).

²These organizations were included in operations for the first time during the fiscal year.

³This 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.

⁴During the fiscal year this organization wound up to become part of Northern Health Authority.

⁵During the fiscal year this organization wound up to become part of the Consolidated Revenue Fund.

⁶These organizations were included in the Natural Resources and Economic Development Sector results.

⁷These organizations were included in the General Government Sector results.

⁸These organizations were included in the Transportation Sector results.

⁹This 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, 2017**

	In Millions								Natural Resources and Economic Development	
	Health		Education		Social Services		Debt Servicing ¹		2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents.....	1,691	1,811	2,186	2,028	13	8	896	1,425	324	114
Temporary investments.....	19	31	102	130	7	7			193	183
Accounts receivable.....	608	632	330	278	51	55	379	371	369	303
Inventories for resale.....	2	2	29	30					26	20
Due from Crown corporations and agencies.....	2	3	4	11	3	1			1	1
Due from other governments.....	55	66	58	51	33	34			64	66
Due from self-supported Crown corporations and agencies.			44	33					74	333
Equity in self-supported Crown corporations and agencies.			116	106					5,324	4,934
Loans, advances and mortgages receivable.....	5	5	961	965	1	1			216	253
Other investments.....	72	83	1,863	1,585	3	4	9	9	306	293
Sinking fund investments.....			39	35			1,087	1,580		
Loans for purchase of assets, recoverable from agencies.....							33,444	30,638		
	<u>2,454</u>	<u>2,633</u>	<u>5,732</u>	<u>5,252</u>	<u>111</u>	<u>110</u>	<u>35,815</u>	<u>34,023</u>	<u>6,897</u>	<u>6,500</u>

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2017**

In Millions

	Transportation		Other ²		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets												
Cash and cash equivalents.....	376	104	82	89	15	33	361	(114)	(2,136)	(2,039)	3,808	3,459
Temporary investments.....			102	82	1						424	433
Accounts receivable.....	36	47	340	289	87	80	2,078	1,813	(112)	(107)	4,166	3,761
Inventories for resale.....	11	12		6	2	2	4	5			74	77
Due from Crown corporations and agencies.....	41	43	546	15					(597)	(74)	0	0
Due from other governments.....	91	176	62	20	139	132	507	371			1,009	916
Due from self-supported Crown corporations and agencies.						138	178	142			296	646
Equity in self-supported Crown corporations and agencies.	(336)	(280)			2,448	2,845	(41)	(74)			7,511	7,531
Loans, advances and mortgages receivable.....			309	240	1	1	826	737	(179)	(213)	2,140	1,989
Other investments.....	76	76	177	173	69	31					2,575	2,254
Sinking fund investments.....	86	80							(125)	(115)	1,087	1,580
Loans for purchase of assets, recoverable from agencies.....									(9,596)	(8,564)	23,848	22,074
	<u>381</u>	<u>258</u>	<u>1,618</u>	<u>914</u>	<u>2,762</u>	<u>3,262</u>	<u>3,913</u>	<u>2,880</u>	<u>(12,745)</u>	<u>(11,112)</u>	<u>46,938</u>	<u>44,720</u>

Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2017

	In Millions									
	Health		Education		Social Services		Debt Servicing ¹		Natural Resources and Economic Development	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	1,328	1,518	1,097	1,101	93	94	664	669	956	945
Employee future benefits.....	1,178	1,203	543	526	25	24			26	26
Due to other governments.....	59	49	13	12					30	10
Due to Crown corporations, agencies and trust funds.....	4	10	4	1	1	1	2,699	2,054		
Due to the Province of British Columbia.....	1	5			4	4			10	10
Deferred revenue.....	2,224	2,031	3,532	3,082	8	9	119	138	1,382	1,923
Employee pension plans.....			186	244						
Taxpayer-supported debt.....	1,717	1,582	825	797			38,765	40,275	360	450
Self-supported debt.....							23,739	21,925		
	<u>6,511</u>	<u>6,398</u>	<u>6,200</u>	<u>5,763</u>	<u>131</u>	<u>132</u>	<u>65,986</u>	<u>65,061</u>	<u>2,764</u>	<u>3,364</u>
Net assets (liabilities).....	<u>(4,057)</u>	<u>(3,765)</u>	<u>(468)</u>	<u>(511)</u>	<u>(20)</u>	<u>(22)</u>	<u>(30,171)</u>	<u>(31,038)</u>	<u>4,133</u>	<u>3,136</u>
Non-financial Assets										
Tangible capital assets.....	7,665	7,203	14,807	14,283	185	196			2,291	2,330
Restricted assets.....	5	6	1,690	1,625						
Prepaid program costs.....	300	288	70	72	1	1			211	178
Other assets.....			4	2			50	54		
	<u>7,970</u>	<u>7,497</u>	<u>16,571</u>	<u>15,982</u>	<u>186</u>	<u>197</u>	<u>50</u>	<u>54</u>	<u>2,502</u>	<u>2,508</u>
Accumulated surplus (deficit).....	<u>3,913</u>	<u>3,732</u>	<u>16,103</u>	<u>15,471</u>	<u>166</u>	<u>175</u>	<u>(30,121)</u>	<u>(30,984)</u>	<u>6,635</u>	<u>5,644</u>

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Financial Position by Sector—Continued
as at March 31, 2017**

In Millions

	Transportation		Other ²		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities.....	556	390	559	180	242	265	749	658	(137)	(131)	6,107	5,689
Employee future benefits.....	29	27	11	10	37	35	223	218			2,072	2,069
Due to other governments.....		34	111	10	167	155	106	149			486	419
Due to Crown corporations, agencies and trust funds.....			67	65					(2,690)	(2,068)	85	63
Due to the Province of British Columbia.....			4	2					(19)	(21)	0	0
Deferred revenue.....	1,938	2,150	127	121	318	307	13	18			9,661	9,779
Employee pension plans.....							1	2			187	246
Taxpayer-supported debt.....	10,221	9,438	246	332			161	145	(9,899)	(8,892)	42,396	44,127
Self-supported debt.....											23,739	21,925
	<u>12,744</u>	<u>12,039</u>	<u>1,125</u>	<u>720</u>	<u>764</u>	<u>762</u>	<u>1,253</u>	<u>1,190</u>	<u>(12,745)</u>	<u>(11,112)</u>	<u>84,733</u>	<u>84,317</u>
Net assets (liabilities).....	<u>(12,363)</u>	<u>(11,781)</u>	<u>493</u>	<u>194</u>	<u>1,998</u>	<u>2,500</u>	<u>2,660</u>	<u>1,690</u>	<u>0</u>	<u>0</u>	<u>(37,795)</u>	<u>(39,597)</u>
Non-financial Assets												
Tangible capital assets.....	13,702	13,820	1,519	1,411	70	55	1,081	1,001	(17)	(17)	41,303	40,282
Restricted assets.....											1,695	1,631
Prepaid program costs.....	22	22	36	34	2	2	339	294			981	891
Other assets.....	151	154			1						206	210
	<u>13,875</u>	<u>13,996</u>	<u>1,555</u>	<u>1,445</u>	<u>73</u>	<u>57</u>	<u>1,420</u>	<u>1,295</u>	<u>(17)</u>	<u>(17)</u>	<u>44,185</u>	<u>43,014</u>
Accumulated surplus (deficit).....	<u>1,512</u>	<u>2,215</u>	<u>2,048</u>	<u>1,639</u>	<u>2,071</u>	<u>2,557</u>	<u>4,080</u>	<u>2,985</u>	<u>(17)</u>	<u>(17)</u>	<u>6,390</u>	<u>3,417</u>

¹Debt servicing represents the financial impacts of activities related to management of the public debt.

²The Other Sector consists of activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

³Includes 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.

⁴Represents 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, 2017**

	In Millions								Natural Resources and Economic Development	
	Health		Education		Social Services		Debt Servicing ¹		2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016		
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....										
Contributions from the federal government.....	42	56	1,003	1,004	82	79			64	45
Fees and licenses.....	3,002	2,848	2,107	1,912	3	5			119	119
Miscellaneous.....	927	1,225	1,366	1,348	13	17			153	163
Contributions from the provincial government / net earnings of self-supported Crown corporations and agencies.....	46	47	200	196	20	17			782	760
Natural resources.....									2,711	2,571
Investment income.....	23	17	197	216	2	2	1,296	1,218	21	47
Total revenue.....	4,040	4,193	4,873	4,676	120	120	1,296	1,218	3,850	3,705

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2017**

In Millions

	Transportation		Other ²		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation.....	543	529	87	86			26,463	23,711			27,093	24,326
Contributions from the federal government.....	94	72	244	147	120	78	6,518	6,166			8,167	7,647
Fees and licenses.....	64	61	30	25	859	842	29	27		(3)	6,213	5,836
Miscellaneous.....	81	40	368	113	176	151	518	333	(94)	(92)	3,508	3,298
Contributions from the provincial government / net earnings of self-supported Crown corporations and agencies.....	(62)	(65)	30	20	(591)	(293)	2,413	2,335	(313)	(307)	2,525	2,710
Natural resources.....											2,711	2,571
Investment income.....	10	10	11	12	4	2	34	25	(356)	(335)	1,242	1,214
Total revenue.....	730	647	770	403	568	780	35,975	32,597	(763)	(737)	51,459	47,602

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2017**

	In Millions									
	Health		Education		Social Services		Debt Servicing ¹		Natural Resources and Economic Development	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	7,713	7,536	8,496	8,325	429	417			589	591
Government transfers.....	5,115	5,130	1,071	1,044	2,833	2,742			1,122	997
Operating costs.....	6,306	5,969	2,007	1,945	959	916			500	584
Interest.....	92	93	40	40			2,419	2,613	8	13
Amortization.....	548	547	729	722	19	18			103	106
Other.....	264	275	207	216	58	60			207	211
Operating expense.....	20,038	19,550	12,550	12,292	4,298	4,153	2,419	2,613	2,529	2,502
Surplus (deficit) for the Fiscal Year ended March 31.....	<u>(15,998)</u>	<u>(15,357)</u>	<u>(7,677)</u>	<u>(7,616)</u>	<u>(4,178)</u>	<u>(4,033)</u>	<u>(1,123)</u>	<u>(1,395)</u>	<u>1,321</u>	<u>1,203</u>

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Operations by Sector—Continued
for the Fiscal Year Ended March 31, 2017**

In Millions

	Transportation		Other ²		Protection of Persons and Property		General Government ³		Adjustments ⁴		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits.....	165	160	174	167	768	746	534	476			18,868	18,418
Government transfers.....	173	149	1,881	905	656	658	110	206	(224)	(217)	12,737	11,614
Operating costs.....	901	839	137	133	204	156	508	507	(4)	(3)	11,518	11,046
Interest.....	366	351	11	8			7	3	(356)	(335)	2,587	2,786
Amortization.....	538	533	65	59	21	15	88	86			2,111	2,086
Other.....	8		14	15	23	16	299	230	(179)	(182)	901	841
Operating expense.....	2,151	2,032	2,282	1,287	1,672	1,591	1,546	1,508	(763)	(737)	48,722	46,791
Surplus (deficit) for the Fiscal Year ended March 31.....	(1,421)	(1,385)	(1,512)	(884)	(1,104)	(811)	34,429	31,089	0	0	2,737	811

¹Debt servicing represents the financial impacts of activities related to management of the public debt.

²The Other Sector consists of activities, such as housing and culture, which cannot be allocated to any of the specifically described sector classifications.

³Includes 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.

⁴Represents 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 Agencies¹
as at March 31, 2017

In Millions

	Natural Resources and Economic Development ²	Protection of Persons and Property ³	Transpor- tation ⁴	General Government ⁵	2017 Sub-Total	2016 Sub-Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash and cash equivalents.....	146	27	11	103	287	312
Accounts receivable.....	1,200	1,531	38	63	2,832	2,370
Inventories.....	185			121	306	263
Other investments.....	710	15,467	2		16,179	15,366
Tangible capital assets.....	23,600	427	3,150	357	27,534	25,891
Other assets.....	6,648	74	1	45	6,768	6,959
Total Assets.....	32,489	17,526	3,202	689	53,906	51,161
Liabilities						
Accounts payable and accrued liabilities.....	4,134	12,632	74	398	17,238	16,297
Deferred revenue.....	2,846	2,467	3	9	5,325	4,926
Due to Province of British Columbia.....	74			178	252	613
Debt due to Province of British Columbia.....	20,324		3,600	145	24,069	22,241
Other debt.....					0	0
	27,378	15,099	3,677	730	46,884	44,077
Equity						
Investment by Province of British Columbia.....	46		150		196	196
Other comprehensive income.....	27	(33)	(150)	(24)	(180)	(414)
Unremitted earnings—end of year.....	5,038	2,460	(475)	(17)	7,006	7,302
	5,111	2,427	(475)	(41)	7,022	7,084
Total Liabilities and Equity.....	32,489	17,526	3,202	689	53,906	51,161

Supplementary Statement to the Summary Financial Statements
Statement of Financial Position
for Self-supported Crown Corporations and Agencies¹
as at March 31, 2017—Continued

	In Millions					
	Education subsidiaries ⁶	Natural Resources subsidiaries ⁷	Transportation subsidiaries ⁸	Protection of Persons and Property subsidiaries ⁹	2017 Grand Total	2016 Grand Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash and cash equivalents.....	64	27	92	1	471	469
Accounts receivable.....	46	16	3		2,897	2,461
Inventories.....	86				392	356
Other investments.....	23		142	50	16,394	15,526
Tangible capital assets.....	418	208	164		28,324	26,644
Other assets.....	2	194	1		6,965	7,155
Total Assets.....	639	445	402	51	55,443	52,611
Liabilities						
Accounts payable and accrued liabilities.....	55	16	234	20	17,563	16,609
Deferred revenue.....	13		29	10	5,377	4,971
Due to Province of British Columbia.....	44				296	646
Debt due to Province of British Columbia.....	71				24,140	22,319
Other debt.....	340	216			556	535
	523	232	263	30	47,932	45,080
Equity						
Investment by Province of British Columbia.....	69	197	107		569	568
Other comprehensive income.....	(1)		(8)	1	(188)	(424)
Unremitted earnings—end of year.....	48	16	40	20	7,130	7,387
	116	213	139	21	7,511	7,531
Total Liabilities and Equity.....	639	445	402	51	55,443	52,611

¹Self-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.

²British Columbia Hydro and Power Authority and Columbia Power Corporation.

³Insurance Corporation of British Columbia.

⁴Transportation Investment Corporation.

⁵British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

⁶Self-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.

⁷Columbia 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.

⁸British Columbia Rail Company, a subsidiary of BC Transportation Financing Authority.

⁹Real Estate Errors and Omissions Insurance Corporation, a subsidiary of Real Estate Council of BC.

**Supplementary Statement to the Summary Financial Statements
Summary of Results of Operations and Statement
of Equity for Self-supported Crown Corporations and Agencies¹
for the Fiscal Year Ended March 31, 2017**

In Millions

	Natural Resources and Economic Development ²	Protection of Persons and Property ³	Transpor- tation ⁴	General Government ⁵	2017 Sub-Total	2016 Sub-Total
	\$	\$	\$	\$	\$	\$
Revenue.....	5,939	5,644	151	6,487	18,221	17,487
Expense.....	5,215	6,256	232	4,074	15,777	14,830
Net earnings of self-supported Crown corporations and agencies	724	(612)	(81)	2,413	2,444	2,657
Dividends.....	(327)			(2,158)	(2,485)	(2,552)
Adjustments to dividends.....				(255)	(255)	(249)
Transfers (to) from deferred revenue.....					0	0
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	397	(612)	(81)	0	(296)	(144)
Unremitted earnings—beginning of year.....	4,641	3,072	(394)	(17)	7,302	7,446
Adjustments to unremitted earnings.....					0	0
Unremitted earnings—end of year.....	5,038	2,460	(475)	(17)	7,006	7,302
Accumulated other comprehensive income—beginning of year.....	43	(227)	(173)	(57)	(414)	233
Adjustments to accumulated other comprehensive income.....					0	0
Other comprehensive income.....	(16)	194	23	33	234	(647)
Accumulated other comprehensive income—end of year.....	27	(33)	(150)	(24)	(180)	(414)
Investment by Province of British Columbia.....	46		150		196	196
Equity in self-supported Crown corporations and agencies for the year.....	5,111	2,427	(475)	(41)	7,022	7,084

**Supplementary Statement to the Summary Financial Statements
Summary of Results of Operations and Statement
of Equity for Self-supported Crown Corporations and Agencies¹
for the Fiscal Year Ended March 31, 2017—Continued**

In Millions

	Education subsidiaries ⁶	Natural Resources subsidiaries ⁷	Transportation subsidiaries ⁸	Protection of Persons and Property subsidiaries ⁹	2017 Grand Total	2016 Grand Total
	\$	\$	\$	\$	\$	\$
Revenue.....	45	75	25	25	18,391	17,618
Expense.....	31	35	18	5	15,866	14,908
Net earnings of self-supported Crown corporations and agencies	14	40	7	20	2,525	2,710
Dividends.....	(7)	(31)	(5)		(2,528)	(2,585)
Adjustments to dividends.....					(255)	(249)
Transfers (to) from deferred revenue.....	1				1	26
Increase(decrease) in unremitted earnings in self-supported Crown corporations and agencies.....	8	9	2	20	(257)	(98)
Unremitted earnings—beginning of year.....	(18)	7	38		7,329	7,485
Adjustments to unremitted earnings.....	58				58	
Unremitted earnings—end of year.....	48	16	40	20	7,130	7,387
Accumulated other comprehensive income—beginning of year.	(2)		(8)		(424)	223
Adjustments to accumulated other comprehensive income.....						
Other comprehensive income.....	1			1	236	(647)
Accumulated other comprehensive income—end of year.....	(1)	0	(8)	1	(188)	(424)
Investment by Province of British Columbia.....	69	197	107		569	568
Equity in self-supported Crown corporations and agencies for the year.....	116	213	139	21	7,511	7,531

¹Self-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.

²British Columbia Hydro and Power Authority and Columbia Power Corporation.

³Insurance Corporation of British Columbia.

⁴Transportation Investment Corporation.

⁵British Columbia Liquor Distribution Branch and British Columbia Lottery Corporation.

⁶Self-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.

⁷Columbia 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.

⁸British Columbia Rail Company, a subsidiary of BC Transportation Financing Authority.

⁹Real Estate Errors and Omissions Insurance Corporation, a subsidiary of Real Estate Council of BC.

**Supplementary Statement to the Summary Financial Statements
Consolidated Statement of Tangible Capital Assets¹
for the Fiscal Year Ended March 31, 2017**

	In Millions						2017 Total	2016 Total
	Land and Land Improvements	Building	Highway Infrastruc- ture	Transport – ation Equipment	Computer Hardware/ Software	Other ³		
	\$	\$	\$	\$	\$	\$	\$	
Historical Cost²								
Opening Cost.....	4,947	32,340	18,666	4,051	3,654	6,295	69,953	
Additions.....	215	1,784	590	219	377	474	3,659	
Disposals and valuation adjustments.....	(45)	(85)	(10)	(444)	(190)	(346)	(1,120)	
	<u>5,117</u>	<u>34,039</u>	<u>19,246</u>	<u>3,826</u>	<u>3,841</u>	<u>6,423</u>	<u>72,492</u>	
Accumulated Amortization								
Opening balance.....	(266)	(12,062)	(9,045)	(1,322)	(2,471)	(4,505)	(29,671)	
Amortization expense.....	(20)	(827)	(481)	(83)	(259)	(441)	(2,111)	
Effect of disposals and valuation adjustments.....	5	46	3	13	190	336	593	
	<u>(281)</u>	<u>(12,843)</u>	<u>(9,523)</u>	<u>(1,392)</u>	<u>(2,540)</u>	<u>(4,610)</u>	<u>(31,189)</u>	
Net book value for the year ended								
March 31, 2017.....	<u>4,836</u>	<u>21,196</u>	<u>9,723</u>	<u>2,434</u>	<u>1,301</u>	<u>1,813</u>	<u>41,303</u>	
Net book value for the year ended								
March 31, 2016.....	<u>4,681</u>	<u>20,278</u>	<u>9,621</u>	<u>2,729</u>	<u>1,183</u>	<u>1,790</u>	<u>40,282</u>	

¹This statement includes assets that are held on capital leases at March 31, 2017 at a gross value of \$375 million less accumulated amortization of \$(204) million for a net book value totalling \$171 million (2016: gross value of \$371 million less accumulated amortization of \$(197) million for a net book value of \$174 million) comprised of: heavy equipment gross \$4 million less accumulated amortization \$(2) million for a net book value of \$2 million (2016: gross \$4 million less accumulated amortization \$(3) million for a net book value of \$1 million); computer hardware/software gross \$162 million less accumulated amortization \$(139) million for a net book value of \$23 million (2016: gross \$155 million less accumulated amortization \$(134) million for a net book value of \$21 million); buildings gross \$183 million less accumulated amortization \$(39) million for a net book value of \$144 million (2016: gross \$183 million less accumulated amortization \$(34) million for a net book value \$149 million); and other assets gross \$26 million less accumulated amortization \$(24) million for a net book value of \$2 million (2016: gross \$29 million less accumulated amortization \$(26) million for a net book value of \$3 million).

²Historical cost includes work-in-progress at March 31, 2017 totalling \$3,293 million (2016: \$3,817 million) comprised of: buildings \$2,227 million (2016: \$1,873 million); land improvements \$26 million (2016: \$29 million); highway infrastructure \$353 million (2016: \$342 million); transportation equipment \$116 million (2016: \$1,109 million); computer hardware/software \$497 million (2016: \$423 million); and specialized equipment \$74 million (2016: \$41 million). Work-in-progress is not amortized. Work-in-progress includes capitalized interest expense at March 31, 2017 totalling \$38 million (2016: \$26 million).

³"Other" at net book value includes office furniture and equipment \$626 million (2016: \$615 million), vehicles \$95 million (2016: \$85 million), machinery \$913 million (2016: \$912 million) and miscellaneous \$179 million (2016: \$178 million).

Supplementary Statement to the Summary Financial Statements Consolidated Statement of Guaranteed Debt as at March 31, 2017

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 SUCH¹ sector entities.

	In Millions			
	2017		2016	
	Maximum Guarantee Authorized \$	Net Outstanding \$	Maximum Guarantee Authorized \$	Net Outstanding \$
Taxpayer-supported Guaranteed Debt				
General government:				
<i>Homeowner Protection Act</i> loan guarantees ²	375	2	375	2
Subtotal, general government.....	375	2	375	2
Health and education:				
<i>Financial Administration Act</i> student aid loans.....			2	
Subtotal, health and education.....	0	0	2	0
Natural resources and economic development:				
<i>Financial Administration Act</i> :				
Feeder's Association Loan Guarantee.....	12	5	10	6
Subtotal, natural resources and economic development.....	12	5	10	6
Total taxpayer-supported guaranteed debt.....	387	7	387	8
Self-supported Guaranteed Debt				
<i>Hydro and Power Authority Act</i> bonds and debentures ³	10	10	10	10
Total self-supported guaranteed debt.....	10	10	10	10
Grand total, all guaranteed debt.....	397	17	397	18
Provision for probable payout.....		(7)		(7)
Net total, all guaranteed debt.....	397	10	397	11

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

²*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.

³The government has unconditionally guaranteed the payment of principal and interest for \$10 million (2016: \$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%.