

**BRITISH COLUMBIA TRANSIT**

FIR, Schedule 1, Section 9

**STATEMENT OF FINANCIAL INFORMATION APPROVAL**

The undersigned represents BC Transit Management and has the overall responsibility for the preparation of the financial information included in this report, produced under the *Financial Information Act*.



Name: Alan Thomas

Title: Vice President, Finance & Chief Financial Officer

Date: August 10, 2017

Prepared pursuant to the Financial Information Regulation, Schedule 1, Section 9.

**BRITISH COLUMBIA TRANSIT**

FIR, Schedule 1, Section 9

**STATEMENT OF FINANCIAL INFORMATION APPROVAL**

The undersigned represents the Board of Directors of BC Transit and approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.



Name: Frank Carson

Title: Chair

Date: August 10, 2017

Prepared pursuant to the Financial Information Regulation, Schedule 1, Section 9.

## BRITISH COLUMBIA TRANSIT

FIR, Schedule 1, Section 4 (1)(a) & (b)

### Schedule of Long Term Debt and Sinking Funds As at March 31, 2017

Debt Issue	Debt Type	Maturity	Rate	Currency	Principal	Sinking Fund Book Value	Sinking Fund Market Value
BCCD-21	Bond	18-Dec-18	4.65%	CAD	11,200,000	7,820,855	7,957,999
BCCP-62	Bond	10-Mar-20	6.44%	CAD	1,828,000	1,919,398	2,099,457
BCCP-63	Bond	10-Apr-20	6.43%	CAD	17,770,000	16,932,656	18,587,942
BCCP-169	Bond	10-Dec-20	3.86%	CAD	1,300,000	645,745	664,594
BCCP-70	Bond	10-Apr-21	6.33%	CAD	11,300,000	10,441,825	11,594,099
BCCP-176	Bond	8-Aug-21	3.39%	CAD	2,571,958	1,081,419	1,114,871
BCCP-77	Bond	13-Nov-21	5.97%	CAD	2,100,000	1,394,417	1,586,446
BCCP-82	Bond	10-Jun-22	6.27%	CAD	8,140,000	5,101,784	5,843,954
BCCP-84	Bond	12-Aug-22	6.05%	CAD	9,100,000	7,322,863	8,059,861
BCCP-85	Bond	10-Sep-22	5.74%	CAD	6,110,000	5,618,699	6,153,444
BCCP-142	Bond	9-Dec-23	5.02%	CAD	500,000	191,382	208,799
BCCP-107	Bond	11-Jul-25	4.57%	CAD	3,179,500	1,374,200	1,585,178
BCCP-108	Bond	11-Aug-25	4.61%	CAD	5,000,000	2,177,465	2,478,351
BCCP-173	Bond	11-Jul-26	4.01%	CAD	29,056,381	7,391,263	7,779,301
BCCP-113	Bond	8-Aug-26	4.78%	CAD	1,711,057	643,317	758,281
BCCP-119	Bond	11-Dec-26	4.30%	CAD	8,285,000	3,240,590	3,710,710
BCCP-128	Bond	9-Oct-27	4.86%	CAD	2,200,000	715,741	831,613
BCCP-139	Bond	7-Oct-28	4.98%	CAD	7,212,000	2,058,919	2,330,464
BCCP-143	Bond	9-Dec-28	5.19%	CAD	2,747,000	762,501	866,578
BCCP-145	Bond	11-May-29	5.01%	CAD	22,500,000	5,619,543	6,288,110
BCCP-174	Bond	11-Jul-31	4.21%	CAD	6,145,256	1,007,143	1,063,104
BCCP-157	Bond	9-Mar-40	4.60%	CAD	11,423,000	1,336,502	1,473,425
BCCP-159	Bond	12-Apr-40	4.73%	CAD	8,700,000	876,247	964,381
<b>Subtotal</b>					<b>180,079,152</b>	<b>85,674,474</b>	<b>94,000,961</b>
<b>Net Unamortized Bond Discount</b>					<b>(73,129)</b>		
					<b>180,006,024</b>	<b>85,674,474</b>	<b>94,000,961</b>

## **BRITISH COLUMBIA TRANSIT**

FIR, Schedule 1, Section 5 (1)

### Schedule of Guarantees & Indemnity Agreements For the Year Ended March 31, 2017

There were no indemnity agreements entered into during the year which required the prior approval of the Minister of Finance or the Director of Risk Management Branch of the Ministry of Finance pursuant to the Guarantees and Indemnities Regulation (B.C. Reg. 258/87).

All agreements were undertaken as a normal part of doing business.

**BRITISH COLUMBIA TRANSIT**

FIR, Schedule 1, Section 6 (2)(a)

Schedule Showing the Remuneration and Expenses  
Paid In Respect of Each Board Member or Commission Member  
For the Year Ended March 31, 2017

**Elected Officials, Commission Members, and Members of the Board of Directors**

<b>Member Name</b>		<b>Remuneration</b>	<b>Total Expenses</b>
<b><u>Members of the Board of Directors:</u></b>			
Mahoney, Kevin	<b>Chair</b>	\$ 5,000	\$ 2,240
Carson, Frank	<b>Chair</b>	13,250	525
Cairns, Kelly		13,750	2,737
Milobar, Peter		10,250	2,370
De Clark, Bob		10,250	1,289
LeClerc, Carol		10,250	3,990
<b><u>Members of the Commission and Board of Directors:</u></b>			
Brice, Susan	<b>Chair - Commission</b>	11,350	-
Hamilton, Carol		11,100	469
<b><u>Members of the Commission:</u></b>			
Desjardins, Barbara		450	-
Alto, Marianne		450	-
Helps, Lisa		600	-
Atwell, Richard		600	-
Finall, Alice		450	-
Tait, Maja		300	-
<b>Total Remuneration and Expenses</b>		<b>\$ 88,050</b>	<b>\$13,621</b>

## BRITISH COLUMBIA TRANSIT

FIR, Schedule 1, Section 6 (2)(b) & (c)

Schedule Showing the Remuneration and Expenses over \$75,000  
Paid In Respect of Each Employee  
For the Year Ended March 31, 2017

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Abhainn, Michael	95,026	-
Abraham, Eric	110,207	-
Achadinha, Manuel	299,909	16,510
Alder, David	89,768	-
Allan, David	85,031	-
Anderson, Brian	186,149	6,537
Anderson, Stephen	96,405	27,106
Andrei, Gabriel	87,750	408
Arts, Albert	85,823	-
Atlas, Baljit	86,866	-
Aveyard, Pauline	91,647	1,411
Bailer, Daniel	81,975	-
Bakewell, Robert	77,737	-
Baluch, James	82,138	-
Banerd, Warren	95,067	-
Barnes, Jeannett	77,931	-
Barry, John	97,183	698
Baskett, William	77,464	-
Beaulieu, Loretta	80,722	2,029
Bell, Gerald	87,328	-
Bellows, Brian	83,934	-
Berekoff, Nicolette	85,176	-
Birmie, Colin	83,458	557
Booth, Michael	95,996	1,003
Boss, James	104,361	289
Boyd, Matthew	97,111	24,227
Brown, Robert	86,170	770
Browne, Justin	88,427	279
Broydell, Nancy	86,747	1,903
Bunce, Evan	84,470	-
Byrne, Denny	126,380	5,200
Campbell, Debra	88,322	3,556
Carmichael, Andii	82,371	-
Charchuk, Eric	75,923	-
Chisholm, Kathleen	81,788	776
Chisholm, Robert	94,854	10,308
Chown, Jennifer	85,023	180
Coleman, Jeffrey	86,069	2,335
Conner, Gregory	146,945	12,780
Connor, Shaun	102,547	7,293
Couch, Nigel	89,390	14,762
Cronk, Terry	91,861	-
Dallaway, Steven	88,130	14,994
Danks, Matthew	100,602	180

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Dann, Jeremy	91,323	-
Dej, Graden	75,883	751
DeYaeger, Kyle	82,094	-
Dickie, Glenn	79,589	-
Dickinson, Guy	82,302	-
Duncan, Alexander	81,175	-
Dunning, Tara	88,646	139
Edmonstone, Mordecai	76,994	-
Egginton, Garry	78,574	-
English, Joseph	78,707	-
Fletcher, Bob	90,462	-
Flynn, Christopher	79,604	-
Fortier, Clayton	87,615	-
Freire, Andrew	85,971	1,135
Frias, Robert	80,199	-
Fudge, Christopher	88,437	25,006
Furlong, Marie-Andree	81,583	-
Gauvin, Kerry	98,505	559
Gervais, Justin	77,957	774
Gibson, Matthew	85,272	-
Giles, Michael	82,053	3,816
Gill, Amarjit	104,422	-
Gimse, C. Bjorn	86,704	19,262
Green, F. Nate	103,212	-
Guthrie, David	124,762	5,913
Hall, Robert	98,008	3,648
Halliday, Kenneth	77,166	3,929
Hamilton, Daryl	81,991	-
Harper, Christopher	78,905	-
Harrington, Michael	75,069	-
Harris, Spencer	88,596	37
Hartley, Thomas	98,597	-
Hattie, Mike	81,329	-
Head, Bruce	87,327	626
Hegar, Mark	90,148	11,288
Henderson, W. Neil	115,501	429
Hileman, Garth	86,006	590
Hill, Gregory	76,916	2,232
Hill, Luke	79,547	115
Hill, Megan	125,217	941
Hobbs, Donna	121,250	2,002
Holgate, Brian	96,773	15
Hooper, Carolyn	79,307	207
Huber, Geoffrey	76,288	2,399
Huber, Robin	84,714	-
Inouye, Cameron	88,682	8,050
Isbister, Sean	75,736	-
Jaye, David	86,574	191
Johal, Ranjeet	99,815	48
Johnson, David	81,991	610
Jolie, Gordon	87,474	36
Jones, Andrew	85,745	-
Jones, Leanne	101,152	191
Jones, Ronald	76,413	-

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Juanicotena, Fernando	85,864	-
Kiefer, Christopher	76,279	-
King, Dustin	87,871	-
Kitchener, James	76,939	-
Klee, Robin	75,553	-
Kuwert, A. Eric	97,184	1,721
Lamb, Aaron	146,753	13,152
Lamirande, Susan	75,200	-
Langridge, Terry	104,917	-
Lay, Melissa	77,922	-
Leslie, Coralie	124,094	-
Levitt, Alexander	77,192	-
Locke, Michael	89,217	-
Louis, Donald	79,042	-
Loussarian, Paul	123,406	10,473
Lunt, William	79,787	-
MacGregor, Lyle	78,270	-
MacPhee, Todd	87,458	-
Maier, E. Karl	97,546	4,187
Mar, Wayne	91,081	-
Maric, Goran	99,605	-
Marson, Brooke	76,260	-
Matters, Oliver	125,778	6,819
McCoy, David	95,399	11,402
McDonald, Alison	79,574	12,217
McKeracher, Kristen	75,607	2,440
McNeill, Terry	94,513	-
McRae, Norma	82,376	-
Melanson, Terrence	102,164	-
Miller, Andrew	79,873	-
Miller, Neil	77,725	-
Milligan, Donald	109,834	4,735
Millward, Steven	96,830	1,474
Mitchell, William	80,684	-
Moar, Monika	78,477	-
Montgomery, Clint	85,042	542
Montgomery, Tony	81,281	-
Moore, Myrna	88,783	11,551
Morgan, Ian	83,947	-
Morin, William	105,352	-
Morson, Darren	121,184	8,338
Moss, Gary	79,776	-
Mountan, David	77,952	-
Murray, Catriona	88,445	1,018
Myers, Ann	86,720	35
Naylor, William	82,926	630
Newlove, Rebecca	80,278	13,554
Niessen, Cassandra	86,116	-
Nordstrom, Errol	94,742	745
Olague, Jose	104,721	-
Orr, Graham	102,476	-
Palmer, John	119,614	11,753
Panicker, Shilpa	82,359	24,662
Parker, Wayne	103,190	191



<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Parrett, Kevin	86,095	591
Patterson, Leslie	98,224	31,803
Payne, David	75,494	-
Perry, Daniel	80,683	-
Peters, Bruce	90,026	590
Pheiffer, Mark	97,419	180
Pinkerton, Erinn	146,115	5,875
Pizarro, Daniel	89,505	24,863
Pollock, James	81,130	-
Proud, Lawrence	106,743	505
Ram, Jim	103,573	-
Reid, Nora	96,444	2,888
Ribeiro, Louie	83,932	469
Ridout, Christy	120,282	4,610
Ridout, Shawn	84,339	-
Robinson, Jonathan	79,716	-
Robinson, Wayne	102,870	-
Rowe, Kevin	85,657	3,116
Ruch, Freddy	97,042	408
Ruffolo, Salvatore	84,245	5,420
Sadler, Leslie	80,001	4,602
Sagar, Navtej	83,371	-
Scagliati, Mario	83,997	-
Schaefer, Mark	84,093	-
Schubert, Kevin	118,927	7,744
Sheehan, Maureen	123,789	1,603
Sheffield, Colin	76,072	-
Shular, Hali	75,311	-
Sidhu, Dalbir	80,139	9,048
Singh, Vincent	76,592	-
Springer, Michael	87,587	8,313
Stark, David	78,814	-
Stewart, Alan	83,649	8,799
Strandlund, Teresa	79,354	155
Strobl, Doug	89,063	3,675
Stublely, Wade	76,541	-
Summers, Gwen	78,821	8,090
Takhar, Gursev	102,669	-
Thomas, James	85,872	596
Thomas, W. Alan	147,528	7,320
Thornton-Joe, Philip	83,321	696
Timmins, Ryan	81,893	-
Trahan, Mike	78,984	-
Trotter, Lisa	76,209	15,081
Tsui, Alexandre	82,735	-
van Munster, J. Kent	83,620	11,885
Van Schaik, Adolf	115,433	-
Viger, Albert	76,516	-
Wadsworth, James	97,606	2,261
Walker, Douglas	85,103	11,700
Waring, Andrew	77,331	-
Wasiuta, Anita	91,009	2,058
Waters, J. Shawn	101,742	180
Weatherell, Timothy	81,490	590

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Wegwitz, Tania	75,341	11,432
Wells, Michael	80,342	-
White, Andrew	76,977	11,018
Wiebe, Steven	93,305	6,365
Will, Jeffrey	85,417	590
Williams, Robert	88,033	26,547
Wilson, Allan	79,508	-
Wilson, Brandi	77,638	3,053
Wise, Diana	75,690	-
Woodruff, Joseph	88,704	-
Yates, Christopher	90,250	-
Yeo, G. Keith	76,828	-
Zaporojets, Vitalii	75,403	-
<b>Over 75,000 Remuneration</b>	<b>19,961,797</b>	<b>637,388</b>
<b>Less than 75,000 Remuneration</b>	<b>39,408,628</b>	<b>374,234</b>
<b>Grand Total Employees</b>	<b>59,370,425</b>	<b>1,011,622</b>

\* Remuneration in 2017 is based on a 26 pay period cycle (2016 - 27 pay periods) and includes Gross Pay and Taxable benefits payable to the employee, per the definition of "remuneration" under FIR Schedule 1, subsection 6(1). Remuneration also includes banked time payouts such as overtime and annual vacation.

**BRITISH COLUMBIA TRANSIT**  
FIR, Schedule 1, Section 6 (2)(d)

Schedule Showing the Remuneration and Expenses Paid to or on Behalf of Each Employee  
(Reconciliation)  
For the Year Ended March 31, 2017

Total remuneration - elected officials, employees appointed by Cabinet and members of the Board of Directors	\$ 88,050
Total remuneration - other employees	59,370,425
<b>Subtotal</b>	<b>59,458,475</b>
Less: Capitalized Remuneration	(1,897,292)
Less: Members of the Board of Directors' remuneration	(88,050)
Plus: Employee Benefits	14,074,195
Plus: Severance paid	191,251
Plus: Change in Accrued Payroll Liabilities & Amounts Due to Timing	(2,071,579)
<b>Total per Statement of Revenue and Expenditure</b>	<b><u><u>69,667,000</u></u></b>

## **BRITISH COLUMBIA TRANSIT**

FIR, Schedule 1, Section 6 (7)(a) & (b)

Statement of Severance Agreements  
For the Year Ended March 31, 2017

There were 4 severance agreements, representing 18.02 months compensation total, made between BC Transit and its non-unionized employees during the fiscal year 2016/2017.

These agreements present from 1.03 to 8.04 months of compensation.

This statement is prepared under the *Financial Information Regulation*, Schedule 1, Section 6(7).

## BRITISH COLUMBIA TRANSIT

### Part II FIR, Schedule 1, Section 7 (1)(a) & (b)

#### Alphabetical List of Suppliers who Received Aggregate Payments In Excess of \$25,000 For the Year Ended March 31, 2017

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
627535 B.C. LTD.	74,390
A.C.E. COURIER	66,953
ABC TRANSMISSIONS	61,502
ACCIONA FACILITY SERVICES CANADA	283,200
ACKLANDS-GRAINGER INC.	86,269
ALEXANDER DENNIS INC.	1,180,681
ALEXANDER DENNIS LTD.	190,165
AMPCO MANUFACTURERS INC.	147,458
ARI FINANCIAL SERVICES INC.	41,090
ARROW & SLOCAN LAKES COMMUNITY	1,229,115
AXION TECHNOLOGIES LTD.	261,327
BAKER TRANSIT PARTS INC.	94,024
BAL GLOBAL FINANCE CANADA CORP	421,592
BC HYDRO	396,746
BC TRANSIT FITNESS & LIFESTYLE CENTRE	85,128
BCT EMPLOYEE HEALTH & BENEFIT TRUST	222,941
BELLA COOLA VALLEY BUS COMPANY LTD.	216,254
BERKS INTERTRUCK LTD.	46,515
BERRY & SMITH TRUCKING LTD.	70,888
BLUEBIRD CABS LTD.	428,933
BMS INTEGRATED SERVICE INC.	100,618
BOARDWALK COMMUNICATIONS	349,108
BORDEN LADNER GERVAIS	25,678
BRIGHOUSE AUTO ELECTRIC	30,977
BRODEX INDUSTRIES LTD	57,590
CANADA TICKET INC.	227,118
CANADIAN ENERGY	137,584
CANADIAN LINEN	86,522
CANON CANADA INC. BUSINESS SOLUTIONS DIV	34,210
CAPITAL REGION EMERGENCY SERVICES	564,394
CAREFREE SOCIETY	1,331,145
CATALYS LUBRICANTS INC.	293,601
CAW LEADERSHIP TRAINING FUND	37,788
CBI OT SERVICES - COMOX VALLEY	27,970
CBM NA INC	549,210
CBS PARTS LTD.	369,372
CBSC CAPITAL INC.	30,646
CENTURY GROUP INC.	251,934
CHARTER TELECOM INC	59,903
CHEVRON CANADA LIMITED	7,973,752
CITY OF ABBOTSFORD (PROP LEASE)	224,470

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
CITY OF KAMLOOPS	151,381
CITY OF KELOWNA	451,917
CITY OF KELOWNA (PROP LEASE)	121,275
CITY OF LANGFORD	196,651
CITY OF NELSON	1,129,507
CITY OF POWELL RIVER	1,119,784
CITY OF PRINCE GEORGE	112,179
CITY OF REVELSTOKE	38,312
CITY OF VERNON	38,980
CITY OF VICTORIA	545,705
CLEAN ENERGY COMPRESSION CORP. DBA IMW	1,129,811
CLIFFE STREET CENTRE LTD (PROP LEASE)	45,675
CLIFFE STREET CENTRE LTD.	30,172
COAST ENVIRONMENTAL LTD.	59,655
COLUMBIA FIRE & SAFETY LTD.,	41,095
CONSIDINE & COMPANY	33,131
COPE 378 HEALTH & WELFARE TRUST	201,723
COWICHAN LAKE COMMUNITY	199,034
CULLEN DIESEL POWER LTD	189,737
CUMMINS WESTERN CANADA LP	3,651,296
CUMMINS-ALLISON INC.	28,910
CUPE LOCAL 4500	36,701
DAVE SPIERS PLUMBING AND HEATING	34,944
DILIGENT CORPORATION	28,418
DISTRICT OF SAANICH	255,337
DIVERSIFIED TRANSPORTATION LTD.	6,619,779
DODD'S FURNITURE & MATTRESS	50,888
DURABRAKE COMPANY	32,374
DYNAMIC SPECIALTY VEHICLES LTD	404,291
E H EMERY ELECTRIC LTD	52,874
EAST PENN CANADA	39,884
ECLIPSYS SOLUTIONS	589,089
EDGEWOOD HOLDINGS LTD	81,010
ELECTRONIC DATA MAGNETICS	240,689
ELREG DISTRIBUTORS LTD.	109,490
EMPRESS TRANSPORTATION / YELLOW CAB	198,700
ENGHOUSE TRANSPORTATION	76,026
EXEC-U-NET CONSULTING GROUP	79,869
FIRSTCANADA ULC	66,999,035
FORTIS BC	827,768
FOTOPRINT LTD.	92,369
FOUNTAIN TIRE ( VICTORIA )	38,707
FRASER & HOYT INCENTIVES	67,603
GANGES FAERIE MINISHUTTLE	441,460
GARIVAL INC.	390,516
GARTNER CANADA CO.	85,260
GEONORTH ENGINEERING LTD.	33,731
GIRO INC.	448,078
GLENOAK FORD SALES LTD.	38,127
GLOBE CONTRACTING LTD	54,698

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
GRANDE WEST TRANSPORTATION	131,006
GRAPHIC OFFICE INTERIORS LTD.	51,625
GREAT WEST LIFE	1,601,566
HALLIBURTON GROUP CANADA	227,497
HAR VER B ENTERPRISES INC.	75,043
HARRIS & COMPANY	27,486
HARRIS VICTORIA CHRYSLER	57,483
HENRY'S GARDENING	31,446
HERJAVEC GROUP ( VANCOUVER )	29,245
HIGH LINE CORPORATION	158,811
HUMANWARE	59,463
ICBC	1,416,446
INDUSTRIAL RUBBER SUPPLIES	76,967
INIT INNOVATIONS IN TRANSPORTATION, INC.	56,773
INSIGHTSOFTWARE.COM	134,603
INTEGRO INSURANCE BROKERS	1,007,643
INTERIOR HEALTH	100,695
ISP3 SOLUTION PROVIDERS INC.	291,994
JB BODYSHOP SUPPLIES	29,413
JENNER CHEVROLET OLDSMOBILE	130,594
JETDOG SOLUTIONS	43,248
KERR CONTROLS INC.	95,798
KIMBERLEY COMMUNITY TRANSPORTATION	297,297
KING BROS. LTD.	172,706
KITIMAT MINI BUS LTD	176,192
KPMG LLP	34,395
LAND ETHIC CONSULTING	26,968
LDN TRANSPORTATION	246,658
LOOMIS EXPRESS	98,109
LORDCO PARTS LTD.	69,105
LUCID MANAGEMENT GROUP LTD.	1,504,734
LUMINATOR HOLDING LP	26,631
LYNDON ENTERPRISES LTD.	417,540
MARINE CANADA ACQUISITION LP	123,968
MERCER (CANADA) LIMITED	30,600
MERIDIAN REHABILITATION CONSULTING INC.	107,391
MICHELIN NORTH AMERICA INC (CAN)	295,348
MICROSERVE	431,865
MICROSOFT CORPORATION	127,949
MINISTER OF FINANCE	2,551,678
MITCHELL PRESS	295,613
MONK OFFICE SUPPLY LTD.	53,690
MONSTER WORLDWIDE CANADA LTD	30,817
MOTOR COACH INDUSTRIES LTD.	28,015
MoveUP	105,827
NANAIMO REG. TRANSIT SYSTEM	11,074,747
NEW FLYER INDUSTRIES LTD.	22,349,572
NICOLA VALLEY TRANSPORTATION SOCIETY	252,360
NORCAN FLUID POWER LTD.	63,330
NORDBO SERVICES LTD.	131,684

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
NORTH ISLAND COMMUNITY SERVICES SOCIETY	322,413
NRG RESEARCH GROUP	110,636
OAK TRANSIT INCORPORATED	582,737
OAKCREST PARK ESTATES LTD.	694,958
OLYMPUS STAGE LINES LTD.	332,238
OMEGA UNIFORM SYSTEMS LTD.	151,985
OPTUM HEALTH SERVICES (CANADA ) LTD	87,797
ORACLE CANADA ULC	793,132
OTACO SEATING	398,953
PACIFIC BLUE CROSS	2,776,657
PARKER JOHNSTON INDUSTRIES LTD.	846,408
PATIO SOCIAL INC. ( DBA PATIO )	101,798
PENTICTON & DISTRICT	484,797
PENTICTON TRANSIT SERVICES	2,148,385
POWELL RIVER TAXI LTD	313,382
PPM 2000 INC.	51,896
PREVOST CAR INC.	2,244,833
PRINCE GEORGE TRANSIT LTD	5,987,722
PRINCETON & DISTRICT	135,405
PRINTER WORKS	25,877
PROSCI CANADA, ULC	44,078
PUBLIC SERVICE PENSION PLAN	9,521,225
PUROLATOR COURIER LTD	26,635
Q ACADEMY	36,543
RADIO WORKS	101,495
RBC/BC TRANSIT GRP PLAN #005422	30,073
RDH BUILDING SCIENCE INC.	27,694
REBER CREATIVE	74,161
RECEIVER GENERAL FOR CANADA	17,081,316
REGIONAL DISTRICT OF NANAIMO	100,684
RESOLVER INC.	53,453
RESORT MUNICIPALITY OF WHISTLER	183,257
REVENUE SERVICES OF BC (MSP)	1,284,797
RGS CONSULTING LTD.	36,746
RIGHT MANAGEMENT	52,920
ROCKY MOUNTAIN SHERPAS INC.	40,722
ROGER MILLER	60,244
ROGERS	62,428
ROYAL ROADS UNIVERSITY	56,236
SAFETY-KLEEN CANADA, INC.	32,706
SAYWELL CONTRACTING LTD	119,156
SCHEDULE MASTERS INC.	26,499
SCHOOL DISTRICT # 20, TRAIL	57,710
SEON DESIGN INC	912,700
SERVICE FIRST LTD.	27,585
SHAW CABLE	34,958
SIDNEY TAXI LTD	35,038
SMITHERS COMMUNITY SERVICES	251,710
SNC-LAVALIN INC.	62,659
SOUTH OKANAGAN TRANSIT SOCIETY	110,539



<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
SPORTWORKS NW, INC.	147,840
STACEY HOLLOWAY AND ASSOCIATES LTD.	41,192
STANTEC CONSULTING LTD.	26,714
STRATAGEN SYSTEMS INC	114,486
SUN CITY COACHLINES LTD.	1,595,549
SUNSHINE COAST REGIONAL DIST.	2,045,046
TECH WEB DIRECT	48,669
TELUS COMMUNICATIONS (BC) INC.	137,402
TELUS MOBILITY (BC)	166,245
TELUS SERVICES INC.	135,734
TERAGO NETWORKS INC.	34,781
THE AFTERMARKET PARTS COMPANY, LLC	976,389
THE GEAR CENTRE	434,696
THE LAKERS' GO BUS SOCIETY	783,789
THERMO KING OF BRITISH COLUMBIA INC.	169,113
THINK COMMUNICATIONS	597,609
THINK MINT MEDIA INC	309,507
TOTEM TOWING	68,928
TRACKIT LLC	37,029
TRAIL TRANSIT SERVICES INC.	2,648,078
TRAN SIGN (1999) LTD.	71,754
TRAPEZE SOFTWARE INC.	193,173
UNIFOR	729,783
URBAN SYSTEMS LTD.	210,716
USSC GROUP, INC	237,880
VAN KAM FREIGHTWAYS LTD	68,074
VENTURES LTD	41,912
VICTORIA CONTRACTING &	59,246
VICTORIA TAXI	280,462
VICTORIA WATERJET LTD	51,401
VOITH TRANSMISSION CANADA INC.	309,065
WABTEC - VAPOUR	115,141
WASTE CONNECTIONS OF CANADA INC.	50,671
WATSON & ASH TRANSP. CO. LTD.	5,340,579
WATT CONSULTING GROUP	30,941
WEST COAST HOCKEY LLP/VICTORIA ROYALS	28,379
WESTERN SCALE CO. LTD	165,444
WESTVAC INDUSTRIAL LTD	45,166
WFN MAINTENANCE & PUBLIC WORKS	27,730
WHEATON CHEVROLET BUICK	100,022
WHISTLER CONNECTION LTD	725,150
WHISTLER TRANSIT LTD.	8,606,154
WILSON'S TRANSPORTATION LTD.	1,455,720
WORKSAFE BC	1,039,020
WSP CANADA INC.	625,858
XPO LOGISTICS LTL CANADA	68,996
YELLOWHEAD COMMUNITY SERVICES	336,071

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
Consolidated Total of Payments in Excess of \$25,000 Paid to Suppliers	<b>233,963,321</b>
Consolidated Total of Payments Less than \$25,000 Paid to Suppliers	<b>3,171,009</b>
Total Aggregate Payments Made to Suppliers Per Accounts Payable Ledger	<b>237,134,330</b>

## BRITISH COLUMBIA TRANSIT

FIR, Schedule 1, Section 7 (1)(c)

### Reconciliation of Vendor Payments to Financial Statements For the Year Ended March 31, 2017

#### Vendor Analysis Reconciliation

<b>Vendor Analysis</b>		<b>237,134,330</b>
<b>Vendor Payments not on Statement of Operations:</b>		
Amounts paid to vendors on Capital Assets and WIP	(33,524,242)	
Other Timing Differences Between Cash Disbursements & the Accrual Basis of Accounting	(14,756,697)	(48,280,939)
<b>Expense Items not in 16/17 vendor analysis</b>		
Employee Net Pay via Payroll	40,794,609	
Amortization	54,395,000	
Debt service	9,192,000	104,381,609
		<b>293,235,000</b>
<b>BC Transit Statement of operations:</b>		
Operations	213,357,000	
Maintenance	54,292,000	
Administration	25,586,000	
		<b>293,235,000</b>

# BRITISH COLUMBIA TRANSIT

Part II FIR, Schedule 1, Section 7 (2)(b)

Total of Payments to Suppliers for Grants and Contributions  
Exceeding \$25,000  
For the Year Ended March 31, 2017

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
UNITED WAY	26,170
Consolidated total of grants exceeding \$25,000	<input type="text" value="0"/>
Consolidated total of contributions exceeding \$25,000	<input type="text" value="26,170"/>
Consolidated total of all grants and contributions exceeding \$25,000	<input type="text" value="26,170"/>

Consolidated Financial Statements of

**BRITISH COLUMBIA TRANSIT**

Year ended March 31, 2017

# MANAGEMENT REPORT

Year ended March 31, 2017

The consolidated financial statements of British Columbia Transit ("BC Transit") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia except in regard to the accounting for government transfers which is based on the Restricted Contributions Regulation 198/2011.

These consolidated financial statements include some amounts based on management's best estimates and careful judgment. A precise determination of assets and liabilities is dependent upon future events and, consequently, the preparation of periodic consolidated financial statements necessarily involves the use of management's judgment in establishing the estimates and approximations used. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized in the notes to the consolidated financial statements and incorporate, within reasonable limits of materiality, all information available as at May 31, 2017.

BC Transit's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and executed in accordance with management's authorization, financial information is reliable and ethics codes are observed. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits. The system includes the selection, training and development of qualified personnel, organizational division of responsibilities, appropriate delegation of authority and formal written company policies and procedures including the Code of Conduct applicable to all BC Transit officers and employees.

The consolidated financial statements have been examined by the Auditor General of British Columbia, BC Transit's independent external auditors. Their responsibility is to express their opinion whether the consolidated financial statements are prepared, in all material respects, in accordance with the accounting requirements of Canadian public sector accounting standards. The Board of Directors meets regularly with management and the external auditors to satisfy itself that BC Transit's system of internal control is adequate and to ensure that responsibilities for financial reporting are being met.

Management is responsible for all of the information in this Annual Report. Financial information presented elsewhere in this Annual Report is consistent with the consolidated financial statements.

On behalf of BC Transit:



Manuel Achadinha  
President and Chief Executive Officer  
Date: May 31, 2017



Alan Thomas, CPA, CMA  
Vice President, Finance and Chief Financial Officer  
Date: May 31, 2017



## **INDEPENDENT AUDITOR'S REPORT**

*To the Board of Directors of British Columbia Transit, and  
To the Minister of Transportation and Infrastructure, Province of British Columbia*

I have audited the accompanying consolidated financial statements of British Columbia Transit (“the entity”), which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt, cash flows, and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated 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***

As described in Note 2(a) to the consolidated financial statements, the entity's accounting treatment for contributions received from governments and for externally restricted contributions 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. The entity was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

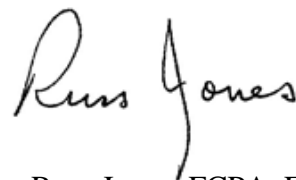
Under Canadian Public Sector Accounting Standards, the entity's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In our opinion certain contributions of the entity do not meet the definition of a liability, and as such the entity's method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, the entity's records indicate that the effects of this departure on the current year consolidated financial statements is an overstatement of the liability for deferred revenue and contributions of \$21.6 million and for deferred capital contributions of \$196.7 million, an understatement of opening accumulated surplus of \$220.8 million, and a current year overstatement of revenue of \$2.5 million. Accordingly, the current year surplus is overstated by \$2.5 million and net debt is overstated by \$218.3 million.

***Qualified Opinion***

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the British Columbia Transit as at March 31, 2017, and the results of its operations, changes in its net debt, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Victoria, British Columbia  
May 31, 2017



Russ Jones, FCPA, FCA  
Deputy Auditor General





# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Financial Position  
(In thousands of dollars)

March 31, 2017, with comparative figures for March 31, 2016

	March 31, 2017	March 31, 2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 3)	\$ 39,663	\$ 47,481
Accounts receivable:		
Provincial and federal capital grants	11,774	1,289
Local government	17,187	15,081
Trade and other	15,407	5,324
Debt sinking funds (note 6)	94,001	90,993
	<u>178,032</u>	<u>160,168</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	25,611	28,582
Provincial funding payable	-	2,177
Deferred revenue and contributions (note 4)	55,211	35,096
Deferred capital contributions (note 5)	196,737	202,858
Debt (note 6)	180,006	186,346
Employee future benefits (note 7)	19,457	18,254
	<u>477,022</u>	<u>473,313</u>
<b>NET DEBT</b>	\$ (298,990)	\$ (313,145)
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	298,748	314,157
Inventories	9,334	8,739
Prepaid expenses	2,347	3,302
Prepaid lease payments	4,807	5,223
	<u>315,236</u>	<u>331,421</u>
<b>ACCUMULATED SURPLUS</b>		
Accumulated operating surplus	7,919	7,852
Accumulated remeasurement gains	8,327	10,424
	<u>\$ 16,246</u>	<u>\$ 18,276</u>

Commitments and contingencies (notes 11 and 12)

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

Approved on behalf of the Board:



Frank Carson, Chair  
May 31, 2017



Kelly Cairns, Director  
May 31, 2017

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Operations  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for March 31, 2016

	Budget 2017	March 31, 2017	March 31, 2016
	(Note 2(j))		
Revenue:			
Operations	\$ 70,584	\$ 74,495	\$ 70,494
Government transfers:			
Provincial (note 13)	105,665	104,903	103,862
Local government (note 13)	103,324	80,095	81,433
Deferred capital contributions (note 5)	29,673	30,150	30,587
Investment and other income	4,821	3,536	3,294
	<u>314,067</u>	<u>293,179</u>	<u>289,670</u>
Expenses: (note 14)			
Operations	231,345	213,357	212,018
Maintenance	55,523	54,292	50,878
Administration	27,199	25,586	26,841
	<u>314,067</u>	<u>293,235</u>	<u>289,737</u>
Net deficit from operations		(56)	(67)
Other:			
Vancouver Assets:			
Deferred capital contributions	-	-	2,494
Amortization expense	-	-	(2,494)
Disposal and impairment of capital assets:			
Loss on disposal of capital assets	-	(1,592)	(177)
Other capital recoveries	-	1,645	405
Provincial government transfers (land) (note 13)	-	88	-
Gain on investments	-	10	127
Other income (expense)	-	(28)	102
	-	123	457
Annual surplus	-	67	390
Non-routine loss on transfer of Vancouver assets (note 9)	-	-	(65,875)
Annual surplus (deficit) after non-routine loss	-	67	(65,485)
Accumulated operating surplus, beginning of year	7,852	7,852	73,337
Accumulated operating surplus, end of year	\$ 7,852	\$ 7,919	\$ 7,852

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

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Change in Net Debt  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for March 31, 2016

	Budget 2017	March 31, 2017	March 31, 2016
	(Note 2(j))		
Surplus (deficit) for the year	\$ -	\$ 67	\$ (65,485)
Acquisition of tangible capital assets	(66,437)	(40,269)	(50,708)
Amortization of tangible capital assets	56,429	54,395	57,329
Loss on disposal of tangible capital assets	-	1,687	177
Transfer of deferred capital contributions	-	-	609,245
Loss on transfer of Vancouver assets	-	-	65,875
Proceeds on disposal of tangible capital assets and assets under lease	-	95	170
	(10,008)	15,975	616,603
Acquisition of inventories of parts	-	(24,071)	(22,795)
Consumption of inventories of parts	-	23,476	23,409
Acquisition of prepaid expenses	-	(9,420)	(8,914)
Consumption of prepaid expenses	-	9,876	7,121
Acquisition of prepaid leases	-	-	(1,934)
Consumption of prepaid leases	-	416	352
	-	277	(2,761)
Realized gain reclassified to operations	-	(10)	(127)
Unrealized loss on portfolio investment	-	(2,087)	(1,771)
	-	(2,097)	(1,898)
(Increase) decrease in net debt	(10,008)	14,155	611,944
Net debt, beginning of year	(313,145)	(313,145)	(925,089)
Net debt, end of year	\$ (323,153)	\$ (298,990)	\$ (313,145)

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

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Remeasurement Gains and Losses  
(In thousands of dollars)

Years ended March 31, 2017, with comparative figures for March 31, 2016

	March 31, 2017	March 31, 2016
Accumulated remeasurement gains, beginning of year	\$ 10,424	\$ 12,322
Unrealized loss on investments	(2,087)	(1,771)
Realized gain on investments, reclassified to Consolidated Statement of Operations	(10)	(127)
Accumulated remeasurement gains, end of year	\$ 8,327	\$ 10,424

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

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Cash Flows  
(In thousands of dollars)

Years ended March 31, 2017, with comparative figures for March 31, 2016

	March 31, 2017	March 31, 2016
Cash provided by (used for):		
Operating transactions		
Annual surplus (deficit)	\$ 67	\$ (65,485)
Non-cash charges to operations (note 15)	24,646	90,611
Changes in non-cash operating working capital (note 15)	(5,998)	9,289
Cash provided by operating transactions	18,715	34,415
Capital transactions		
Proceeds on disposal of tangible capital assets	95	170
Cash used to acquire tangible capital assets	(39,776)	(48,170)
Cash applied to capital transactions	(39,681)	(48,000)
Investing transactions		
Increase in debt sinking funds and investments net of unrealized gain (loss)	(5,106)	8,401
Cash provided by (applied to) investing transactions	(5,106)	8,401
Financing transactions		
Prepaid lease payments	-	(1,934)
Debt repaid	(6,378)	(25,595)
Deferred capital contributions received	24,632	42,138
Cash provided by financing transactions	18,254	14,609
Increase / (decrease) in cash and cash equivalents	(7,818)	9,425
Cash and cash equivalents, beginning of year	47,481	38,056
Cash and cash equivalents, end of year	\$ 39,663	\$ 47,481
Supplemental cash flow information:		
Cash paid for interest	\$ 9,178	\$ 9,776
Cash received from interest	\$ 241	\$ 205

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

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## 1. Nature of Operations:

British Columbia Transit (“BC Transit”) is a Crown corporation, established under the *British Columbia Transit Act*, as amended in 1998, to operate the urban transit systems in the Province of British Columbia (the “Province”) outside of the Metro Vancouver Regional service area. BC Transit is included in the government reporting entity of the Province of British Columbia and reports to the Legislative Assembly through the Ministry of Transportation and Infrastructure. BC Transit is exempt from income taxes under the *Income Tax Act*.

BC Transit, on behalf of the Victoria Regional Transit Commission, is responsible for the administration of all funds raised by certain tax levies. These funds held in trust are excluded from the consolidated financial statements and are summarized in note 10.

## 2. Summary of Significant Accounting Policies:

### (a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia and supplemented by Regulation 198/2011 issued by the Province of British Columbia Treasury Board.

Regulation 198/2011 requires that restricted contributions be recognized as revenue in the period the restriction is met, and that restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset, be recognized in revenue at the same rate the amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

Canadian public sector accounting standards require government transfers, which do not contain a stipulation that creates a liability, to be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met. The Regulation allows for the deferral of revenue recognition to future years, recognized for non-capital government transfers in the period the restriction the transfer is subject to is met and for capital transfers in income systematically over the useful life of the asset, rather than in the year the transfer was made. This results in differences in deferred contributions, deferred capital contributions and accumulated operating surplus on the consolidated statement of financial position, and the government transfers revenue and annual surplus on the statement of operations.

### (b) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by BC Transit. Controlled organizations are consolidated with inter-organizational transactions, balances, and activities eliminated on consolidation.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## 2. Summary of Significant Accounting Policies (continued):

### (b) Basis of consolidation (continued):

#### (i) Consolidated entities:

The following organizations are controlled by BC Transit and are fully consolidated in these financial statements:

TBC Vehicle Management Inc.

TBC Operations Inc.

TBC Properties Inc.

0915866 B.C. Ltd.

0922667 B.C. Ltd.

0925406 B.C. Ltd.

0928624 B.C. Ltd.

### (c) Deferred contributions and revenue recognition:

Government transfers received relate to contributions from federal, provincial and local governments to fund capital projects, operating costs, sinking fund and interest payments.

Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

See note 18 for the impact of this regulation on these consolidated financial statements.

Transit user charges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and when services have been provided to the users.

### (d) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding party or related Act, investment income earned on deferred contributions is added to the investment and forms part of the deferred contributions balance.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## 2. Summary of Significant Accounting Policies (continued):

### (e) Financial instruments:

BC Transit has elected to measure specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified for the duration of the period they are held. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available, and are most suitable and appropriate based on the type of financial instrument being valued, in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

### (i) Cash and cash equivalents:

Cash and cash equivalents include cash in bank and in transit, certificates of deposit and short-term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a term to maturity of 90 days or less at acquisition, are held for the purpose of meeting short term cash commitments rather than for investing, are reported at fair value and are measured using a Level 1 valuation.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## 2. Summary of Significant Accounting Policies (continued):

### (e) Financial instruments (continued):

#### (ii) Accounts receivable:

Accounts receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations.

#### (iii) Debt sinking funds:

Investments in sinking funds consist of pooled investment portfolios and Canadian, Provincial government and Crown Corporation bonds managed by the British Columbia Investment Management Corporation ("bcIMC"), a corporation established under the *Public Sector Pension Plans Act*. Sinking fund investments are recorded at fair value and measured using a Level 1 valuation. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

#### (iv) Debt and other financial liabilities:

All debt and other financial liabilities are recorded using cost or amortized cost. Discounts and premiums arising on the issuance of debt are amortized over the term of the debt.

### (f) Employee future benefits:

(i) BC Transit and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. Multi-employer, jointly-trusted pension plans follow defined contribution pension plan accounting. Contributions are expensed as they become payable.

(ii) Outside of the Public Service Pension Plan, BC Transit maintains various benefit arrangements available to retired employees including non-pension post-retirement benefits (retiree hospital, drugs, vision, medical, MSP), post-employment benefits (vacation, overtime) and continuation of long term disability benefits. The future obligations under these benefit plans are accrued as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Transit, and the cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation completed effective for March 31, 2015, extrapolated to March 31, 2017.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## 2. Summary of Significant Accounting Policies (continued):

### (g) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

1. An environmental standard exists;
2. Contamination exceeds the environmental standard;
3. British Columbia Transit:
  - a. is directly responsible; or
  - b. accepts responsibility; and
4. A reasonable estimate of the amount can be made.

As at March 31, 2017, BC Transit has not identified any contaminated sites that meet the criteria for recognition.

### (h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, design, construction, development, improvement or betterment of the asset. The costs, less the residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land	Indefinite
Exchanges, shelters, and other transit infrastructure	3 – 40
Buildings	5 – 40
Vehicles – including major components	2 – 20
Other Equipment	4 – 20

### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt with a corresponding entry made to deferred capital contributions. The contributed tangible capital assets are then amortized over their estimated useful lives.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 2. Summary of Significant Accounting Policies (continued):

### (h) Non-financial assets (continued):

#### (iii) Interest capitalization:

Interest is capitalized whenever debt is issued to finance the construction of tangible capital assets. Interest is capitalized from the date of advance of funds until the assets are available for service.

#### (iv) Inventories:

Inventories held for consumption are recorded at the lower of historical cost or replacement cost.

#### (v) Impairment of tangible capital assets:

BC Transit monitors the recoverability of tangible capital assets. Whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the ability to provide transit services or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to residual value.

#### (vi) Prepaid expenses and leases:

Prepaid expenses and leases include prepaid insurance, parts credits and prepaid property leases. These are charged to expense over the period they are expected to benefit.

#### (vii) Intangibles:

Intangible assets are not recognized in BC Transit's financial statements.

### (i) Measurement uncertainty:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant measurement uncertainty includes assumptions used in the determination of amortization periods, employee future benefits and estimating provisions for certain accrued liabilities. Actual results could differ from these estimates.

### (j) Budget data:

The budget data presented in these consolidated financial statements was included in the 2016/17 – 2018/19 Service Plan approved by the Board of Directors on January 21, 2016.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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### 3. Cash and cash equivalents:

Major components of cash and cash equivalents are as follows:

	2017	2016
Cash	\$ 18,646	\$ 34,166
Cash equivalents	21,017	13,315
	\$ 39,663	\$ 47,481

### 4. Deferred revenue and contributions:

Deferred revenue is restricted for a specific purpose and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

Debt service contributions to fund sinking fund and interest payments are recovered from local government partners over the estimated service life of the related assets. These contributions may differ from the annual amortization of the related assets. Such differences are deferred to be recognized as a recovery in future periods.

Operating contributions that have been received but not yet earned are reflected as deferred service funding.

The deferred revenue and contributions, reported on the consolidated statement of financial position, are made up of the following:

	2017	2016
Deferred service funding contributions	\$ 32,493	\$ 15,790
Deferred contributions	17,736	13,217
Deferred revenue	4,982	6,089
Total deferred revenue and contributions	\$ 55,211	\$ 35,096

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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Year ended March 31, 2017, with comparative figures for 2016

## 4. Deferred revenue and contributions (continued):

Continuity of deferred service funding, contributions and revenue:

	2017	2016
Deferred service funding contributions:		
Balance, beginning of year	\$ 15,790	\$ -
Service funding contributions received	63,360	63,497
Service funding contributions applied	(46,657)	(47,707)
Balance, end of year	32,493	15,790
Deferred contributions:		
Balance, beginning of year	\$ 13,217	\$ 8,682
Contributions received	37,956	38,261
Contributions used	(33,437)	(33,726)
Balance, end of year	17,736	13,217
Deferred revenue:		
Balance, beginning of year	6,089	5,873
Amounts received	1,058	1,155
Amounts recognized as revenue	(2,165)	(939)
Balance, end of year	4,982	6,089
Balance, end of year	\$ 55,211	\$ 35,096

## 5. Deferred capital contributions:

Deferred capital contributions include Federal and Provincial grants subject to amortization on the same basis as the related asset.

	2017	2016
Balance, beginning of year	\$ 202,858	\$ 191,379
Contributions and other additions	24,632	42,139
Impairment and disposals of capital assets	(603)	(73)
Amortization	(30,150)	(30,587)
Balance, end of year	\$ 196,737	\$ 202,858

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 6. Debt:

BC Transit's debt, including principal and interest, is either held or guaranteed by the Province. BC Transit has not experienced any losses to date under this indemnity. Under the *British Columbia Transit Act*, BC Transit is subject to a borrowing ceiling limit of \$500 million in total. The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request.

The gross amount of debt and the amount of sinking fund assets available to retire the debt are as follows:

	2017	2016
Debt has a weighted average rate of 5.06%, maturing at various dates to 2040, amortized from 8 to 30 years	\$ 180,006	\$ 186,346

The total debt maturities for the next five years are as follows:

2018	-
2019	11,200
2020	1,828
2021	19,070
2022	15,972
Thereafter	132,009

Investments held in sinking funds, including interest earned, are to be used to repay the related debt at maturity. Gain on investments includes \$10 (2016 - \$127) of realized gains on disposition of investments in sinking funds. Sinking fund investments are managed by the British Columbia Investment Management Corporation and have cost and market values as follows:

	2017		2016	
	Cost	Market value	Cost	Market value
Provincial bonds	\$ 83,375	\$ 91,611	\$ 76,108	\$ 86,418
Money market funds	387	387	2,591	2,591
Corporate bonds	1,912	2,003	1,856	1,984
<b>Total</b>	<b>\$ 85,674</b>	<b>\$ 94,001</b>	<b>\$ 80,555</b>	<b>\$ 90,993</b>

Debt sinking fund installments in each of the next five years are as follows:

2018	6,780
2019	6,083
2020	4,631
2021	4,279
2022	3,971
Thereafter	24,983

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 6. Debt (continued):

In October 1992, BC Transit entered into an unsecured revolving credit facility with a Canadian Financial Institution totaling \$10 million. The revolving credit may be terminated in whole or in part and shall be due on demand. Interest on the revolving credit is based on the prime lending rate which is a variable per annum reference rate of interest for loans made by the Bank of Canada in Canadian dollars. Interest accrues on a day to day basis. As of March 31, 2017 BC Transit has not drawn on the facility.

In November 2002, BC Transit entered into a loan agreement pursuant to section 54(1) of the *Financial Administration Act* with the Minister of Finance and Corporate Relations to lend a maximum principal amount not to exceed \$90 million in Canadian currency. Term and conditions of the loan state the Minister will use reasonable commercial efforts to comply with the borrowing requirements of BC Transit; however, the terms and conditions of the loan are within the sole discretion of the Minister. The maximum term on the loan is one year and can be another term as approved by the Minister and is due upon maturity. Interest on the loan is based on money market rates. As of March 31, 2017 BC Transit has not drawn on the facility.

## 7. Employee future benefit obligations:

BC Transit provides sick leave and other various benefits to its employees. These amounts and other employee related liabilities will require funding in future periods and are set out below.

The employee future benefits liability reported on the statement of financial position is as follows:

	2017	2016
Accrued benefit obligation:		
Balance, beginning of year	\$ 18,254	\$ 16,646
Current benefit cost and event-driven expense	996	1,307
Interest	506	450
Actuarial loss	69	174
Benefits paid	(368)	(323)
Balance, end of year	19,457	18,254
Unamortized actuarial loss	-	116
Liability for benefits	\$ 19,457	\$ 18,370

Information about BC Transit's benefit plans is as follows:

	2017	2016
Non-pension post retirement benefits	\$ 16,648	\$ 15,452
Post employment benefits	928	1,095
Continuation of long term disability benefits	1,881	1,823
Total liability for benefits	\$ 19,457	\$ 18,370

Included in expenses is \$69 (2016 – \$174) for amortization of the actuarial loss.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 7. Employee future benefit obligations (continued):

The unamortized actuarial loss on future payments is amortized over the expected period of the liability which is 9 years (2016 – 9 years) for post employment benefits and 10 years (2016 – 10 years) for post retirement benefits.

The actuarial assumptions adopted in measuring BC Transit's accrued benefit obligations are as follows:

	2017	2016
Discount rate	2.9% - 3.1%	2.7% - 3.0%
Expected future inflationary increases	2.6% - 5.15%	2.6% - 5.15%
Weighted average health care trend - end of year	6.94% in 2017 grading to 4.29% in and after 2029	6.94% in 2016 grading to 4.29% in and after 2029
Dental and MSP trend – end of year	4.5%	4.5%

### Public Service Pension Plan

BC Transit and its employees contribute to the Public Service Pension Plan, a jointly trusted pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The plan has approximately 119,000 active and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of \$193,698 million for basic pension benefits. The next valuation will be March 31, 2017 with results available later in 2017.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

The total amount paid into this pension plan by BC Transit for the year ended March 31, 2017 for employer contributions was \$5,223 (2016 – \$4,835).



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 8. Tangible capital assets:

Cost	Balance, March 31, 2016	Additions	Disposals	Balance, March 31, 2017
Land	\$ 15,694	\$ -	\$ -	\$ 15,694
Exchanges, shelters and other transit infrastructure	59,018	2,890	-	61,908
Buildings	50,252	899	-	51,151
Vehicles	451,602	25,532	(14,136)	462,998
Other equipment	56,948	1,973	-	58,921
Capital projects in progress	11,353	40,673	(31,309)	20,717
<b>Total</b>	<b>\$ 644,867</b>	<b>\$ 71,967</b>	<b>\$ (45,445)</b>	<b>\$ 671,389</b>

Accumulated amortization	Balance, March 31, 2016	Disposals	Amortization	Balance, March 31, 2017
Exchanges, shelters and other transit infrastructure	\$ 11,389	\$ -	\$ 4,727	\$ 16,116
Buildings	24,662	-	1,826	26,488
Vehicles	260,003	(12,464)	42,967	290,506
Other equipment	34,656	-	4,875	39,531
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 330,710</b>	<b>\$ (12,464)</b>	<b>\$ 54,395</b>	<b>\$ 372,641</b>

Net book value	Balance, March 31, 2016	Balance, March 31, 2017
Land	\$ 15,694	\$ 15,694
Exchanges, shelters, and other transit infrastructure	47,629	45,792
Buildings	25,590	24,663
Vehicles	191,599	172,492
Other equipment	22,292	19,390
Capital projects in progress	11,353	20,717
<b>Total</b>	<b>\$ 314,157</b>	<b>\$298,748</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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Year ended March 31, 2017, with comparative figures for 2016

## 8. Tangible capital assets (continued):

Cost	Balance, March 31, 2015	Additions	Disposals	Balance, March 31, 2016
Land	\$ 15,694	\$ -	\$ -	\$ 15,694
Exchanges, shelters and other transit infrastructure	31,054	27,964	-	59,018
Buildings	49,723	529	-	50,252
Vehicles	413,200	62,618	(24,216)	451,602
Other equipment	48,673	8,275	-	56,948
Capital projects in progress	61,231	49,507	(99,385)	11,353
<b>Total</b>	<b>\$ 619,575</b>	<b>\$ 148,893</b>	<b>\$ (123,601)</b>	<b>\$ 644,867</b>

Accumulated amortization	Balance, March 31, 2015	Disposals	Amortization	Balance, March 31, 2016
Exchanges, shelters and other transit infrastructure	\$ 7,777	\$ -	\$ 3,612	\$ 11,389
Buildings	22,883	-	1,779	24,662
Vehicles	238,629	(24,039)	45,413	260,003
Other equipment	30,625	-	4,031	34,656
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 299,914</b>	<b>\$ (24,039)</b>	<b>\$ 54,835</b>	<b>\$ 330,710</b>

Net book value	Balance, March 31, 2015	Balance, March 31, 2016
Land	\$ 15,694	\$ 15,694
Exchanges, shelters, and other transit infrastructure	23,277	47,629
Buildings	26,840	25,590
Vehicles	174,571	191,599
Other equipment	18,048	22,292
Capital projects in progress	61,231	11,353
<b>Total</b>	<b>\$ 319,661</b>	<b>\$ 314,157</b>

Assets under construction having a value of \$20,717 (2016 - \$11,353) have not been amortized. Amortization of these assets will commence when the asset is available for service.

During the year, assets with a net book value of \$1,672 (2016 - \$177) were written off.

Interest capitalized for capital projects in 2017 was \$738 (2016 - \$3,328).

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 9. Tangible capital assets under lease:

For the prior year ending March 31, 2016 capital assets under lease consisted of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets were made available to the South Coast British Columbia Transportation Authority ("SCBCTA") for their use pursuant to an Order in Council and operating lease. The operating lease arrangements with SCBCTA for the Expo and Millennium Line guideways and system improvements included a nominal lease fee amount.

On May 14, 2015, Bill 2 – 2015 *BC Transportation Financing Authority Transit Assets and Liabilities Act* (the "Bill") was granted Royal Assent. The Bill called for all the assets and liabilities of Rapid Transit Project 2000 Ltd. ("RTP 2000") and the assets and liabilities connected to the regional transportation system of Greater Vancouver Regional District, owned by BC Transit, to be transferred to the BCTFA.

Effective May 21, 2015, BC Transit transferred, for nil proceeds, tangible capital assets with a net book value of \$675,120 and deferred capital contributions of \$609,245 to BCTFA. Upon transfer, BC Transit recognized a reduction in annual surplus of \$65,875, representing the carrying value of land transferred.

Subsequently on June 1, 2015 the public sector accounting board released a new standard PS 3430 - Restructuring Transactions which applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018 and allowing for earlier adoption. This standard directs entities to recognize restructuring transactions through the statement of operations. BC Transit elected to early adopt PS 3430 – Restructuring Transactions. The following table reflects the financial impact to BC Transit and BCTFA and the consolidated financial impact to the Province of BC.

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Entity	Tangible capital assets	Accumulated amortization	Net book value	Deferred capital contributions	Net gain (loss)
BC Transit	\$ (1,374,789)	\$ 699,669	\$ (675,120)	\$ 609,245	\$ (65,875)
BCTFA	1,374,789	(699,669)	675,120	(609,245)	65,875
Summary Financial Statement, Province of BC	\$ -	\$ -	\$ -	\$ -	\$ -

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# BRITISH COLUMBIA TRANSIT

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## 10. Victoria Regional Transit Commission:

BC Transit holds funds in trust on behalf of the Victoria Regional Transit Commission. These funds are not included in the consolidated statement of financial position. The cash held in trust and transactions during the year are as follows:

	2017	2016
Cash held in trust, beginning of year	\$ 9,801	\$ 11,788
Revenue:		
Fuel tax	12,321	11,951
Property tax	30,155	30,048
Investment and other income	135	187
Government transfers	(43,389)	(44,173)
Cash held in trust, end of year	\$ 9,023	\$ 9,801

## 11. Commitments:

BC Transit has outstanding commitments as summarized below:

	2018	2019	2020	2021	2022
Operating Leases	\$ 1,460	\$ 1,596	\$ 1,671	\$ 1,711	\$ 1,739
Facilities	5,997	135	-	-	-
Vehicle Purchases	68,730	-	-	-	-
Information Technology	2,495	377	-	-	-
Other	1,806	-	-	-	-
	\$ 80,488	\$ 2,108	\$ 1,671	\$ 1,711	\$ 1,739

## 12. Contingent liabilities:

The nature of BC Transit's activities is such that there is usually litigation pending or in process at any time. With respect to unsettled claims at March 31, 2017 management has determined that BC Transit has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the financial position of BC Transit.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 13. Government transfers:

The transfers reported on the statement of operations are:

	2017	2016
Government transfers:		
Provincial contributions:		
Operating transfers	\$ 104,903	\$ 103,862
Deferred capital contributions	24,798	25,584
Write-off capital assets	603	73
Contributions for the purchase of land	88	-
Deferred capital contributions - Vancouver	-	2,494
Transfer of deferred capital contributions – Vancouver	-	577,109
	130,392	709,122
Federal contributions:		
Deferred capital contributions	4,162	3,819
Transfer of deferred capital contributions – Vancouver	-	32,136
	4,162	35,955
Local government contributions:		
Transfers under cost share agreements	80,095	81,433
Deferred capital contributions	1,066	1,080
	81,161	82,513
Other:		
Deferred capital contributions	124	104
<b>Total government transfers</b>	<b>\$ 215,839</b>	<b>\$ 827,694</b>

## 14. Classification of expense by object:

	Budget	2017	2016
Contracted salaries, wages and benefits	\$ 85,546	\$ 84,683	\$ 82,117
Salaries, wages and benefits	70,417	69,667	67,715
Amortization of capital assets	56,429	54,395	54,835
Fuel and lubricants	32,551	21,301	22,738
Fleet maintenance	29,605	28,841	27,150
Interest	10,746	9,192	9,478
Insurance	5,147	5,348	5,090
Facility maintenance	3,613	3,446	3,423
Information systems	3,933	3,498	3,430
Leases and taxes	2,973	2,723	2,435
Major projects and initiatives	2,487	708	2,050
Local government expenses	2,169	2,148	2,135
Marketing and communications	2,044	1,972	1,881
Taxi programs	1,879	1,722	1,905
Corporate expenses	2,444	2,054	1,710
Professional fees	976	780	965
Travel and meetings	1,108	757	680
<b>Total operating expenses</b>	<b>\$ 314,067</b>	<b>\$ 293,235</b>	<b>\$ 289,737</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 15. Additional information for the Statement of cash flows:

	2017	2016
Non-cash charges to operations:		
Amortization of debt discount	\$ 38	\$ 38
Amortization of tangible capital assets	54,395	57,329
Amortization of prepaid lease	416	352
Loss (gain) on the disposal of tangible capital assets	(53)	98
Loss on the transfer of Vancouver assets	-	65,875
Amortization of deferred capital contributions	(30,150)	(33,081)
	\$ 24,646	\$ 90,611
Changes in non-cash operating working capital:		
Accounts receivable	\$ (22,674)	\$ 290
Accounts payable and accrued liabilities	(2,971)	(12,140)
Provincial revenue and funding payable	(2,177)	674
Deferred revenue and contributions	20,760	19,036
Employee future benefits	1,203	1,608
Inventories of parts	(595)	614
Inventories held for sale	-	1,000
Prepaid expenses	456	(1,793)
	\$ (5,998)	\$ 9,289

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 16. Financial instruments:

### (a) Fair value:

The carrying value of cash and cash equivalents, assets held for sale, accounts receivable and accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of the instruments. Debt sinking funds are reflected on the statement of financial position at fair value.

In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts for financial instruments. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

### (b) Risks associated with financial assets and liabilities:

BC Transit is exposed to financial risks from its financial assets and liabilities. The financial risks include market risk relating to commodity prices, interest rates and foreign exchange risks as well as credit risk and liquidity risk.

#### *Market risk:*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, interest rate risk, foreign exchange risk and credit risk as discussed below.

#### *Commodity price risk:*

BC Transit is exposed to commodity price risk. Commodity price risk and volatility has a significant impact on BC Transit's fuel costs. Management continually monitors the exposure to commodity price volatility and assesses possible risk mitigation strategies including continuing to buy at rack prices, entering into physical fixed price agreements to fix all or a portion of fuel prices with a supplier, and/or the potential to enter into financial commodity derivative contracts. Management does not have the authority under the *British Columbia Transit Act* to enter into financial commodity derivative contracts directly. The ability for management to execute physical hedge agreements with suppliers is governed under formal policies and is subject to limits established by the Board of Directors. No such hedge agreements were entered into during the year.

#### *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. BC Transit is exposed to interest rate risk to the extent that there are changes in the prime interest rate. BC Transit may from time to time enter into interest rate swap contracts to manage exposure to interest rates and cash flow risk. No such derivative contracts were entered into during the year.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 16. Financial instruments (continued):

(b) Risks associated with financial assets and liabilities (continued):

### *Foreign exchange risk:*

BC Transit is exposed to currency risk on purchases of various capital assets and parts from suppliers requiring payment in either US dollars or pounds sterling. These risks are monitored and can be mitigated by management by entering into foreign currency option agreements. There were no such arrangements entered into during the year.

### *Sensitivity analysis:*

The following table is a sensitivity analysis indicating the impact on net surplus (deficit) of a change in each type of market risk discussed above. The sensitivity analysis is based on reasonable possible movement within the forecast period, being one year. These assumptions may not be representative of actual movements in these risks and should not be relied upon. Given the volatility in the financial and commodity markets, the actual percentage changes may differ significantly from the outcomes noted below. Each risk is contemplated independent of other risks.

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Estimated impact of a 1% change on annual surplus:		
Interest rate risk	\$	363
Foreign exchange risk		360
Commodity risk (fuel)		311

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### *Liquidity risk:*

Liquidity risk is the risk that BC Transit will encounter difficulty in meeting obligations associated with financial liabilities as they come due. BC Transit manages liquidity risk through its cash, debt, sinking fund and funding management initiatives. Accounts payable and accrued liabilities are due in the next fiscal year. Maturity of long term debt is disclosed in note 6. Other commitments with future minimum payments are disclosed in note 11.

### *Credit risk:*

Credit risk is the potential for financial loss to BC Transit if the counterparty in a transaction fails to meet its obligations. Financial instruments that potentially give rise to concentrations of credit risk include cash and cash equivalents and debt sinking funds where they are invested in Canadian Money Market and Bond Funds. It is management's opinion that BC Transit is not exposed to any significant credit risk due to the credit worthiness of the investments.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 16. Financial instruments (continued):

### (c) Capital disclosures:

BC Transit defines capital as accumulated surplus plus deferred capital contributions. BC Transit receives the majority of these capital funds from Federal, Provincial or from municipal government partners.

BC Transit's objective when managing capital is to meet its current Service Plan initiatives with the current funding available. BC Transit manages its capital structure in conjunction with the Province and makes adjustments to its Service Plan and related budgets based on available government funding. The focus is to ensure that service levels are preserved within the funding restrictions by the Province and municipal partners.

BC Transit is not subject to debt covenants or other restrictions with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined by the funding party. BC Transit has complied with the external restrictions on any external funding provided.

## 17. Related party transactions:

As a Crown Corporation of the Province, BC Transit and the Province are considered related parties. All transactions between BC Transit and the Province are considered to possess commercial substance and are consequently recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions and balances have been disclosed elsewhere in the financial statements (note 10).

## 18. Impact of accounting for Government Transfers in accordance with Section 23.1 of the *Budget Transparency and Accountability Act*:

As noted in the significant accounting policies, note 2(a), Section 23.1 of the *Budget Transparency and Accountability Act* and Restricted Contributions Regulation 198/2001, require BC Transit to recognize non-capital government transfers into revenue in the period the restriction is met, and also require BC Transit to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the consolidated financial statements of BC Transit is as follows:

As at March 31, 2017 – decrease in annual surplus (deficit) by \$2,461 (2016 – 594,846).

March 31, 2017 – increase in accumulated surplus by \$218,376 (2016 – \$220,837), a decrease in deferred capital contributions by \$196,737 (2016 - \$202,858), and a decrease in deferred revenue and contributions by \$21,639 (2016 - \$17,979).

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2017, with comparative figures for 2016

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## **19. Investment in Transportation Property and Casualty Company Inc:**

In January 2010, the Board of Directors approved the withdrawal from the Transportation Property and Casualty Company Inc. Program ("TPCCP"). As a replacement to TPCCP, BC Transit procured a comprehensive stand-alone insurance coverage program effective April 1, 2010 which is renewed annually. Claims which have been registered and served prior to the withdrawal from the TPCCP program, continue to be settled in an orderly manner and BC Transit will continue to monitor these claims. \$1,828 (2016 - \$1,816) remains in cash equivalents to offset other potential future claims. See Note 12 for further details regarding unsettled claims.

## **20. Economic Dependency:**

BC Transit is dependent on receiving government transfers from the Province of BC and Local Government Partners for its continued existence and ability to carry out its normal activities.

## **21. Comparative figures:**

Certain of the comparative figures have been reclassified to conform with current year's consolidated financial statement presentation.

## **22. Subsequent events:**

On May 30, 2017 BC Transit finalized the purchase of a property in Duncan, British Columbia for \$3,200. The property will be used for the purpose of constructing a new transit operations and maintenance facility to service the Cowichan Valley. The purchase was part of the long-term capital plan and will be funded by a combination of provincial and local government contributions.