

**BC 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: Michael Kohl

Title: Vice President of Finance and Chief Financial Officer

Date: July 25, 2012

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*.



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Name: Kevin Mahoney  
Title: Chair

Date: July 25, 2012

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 9

**BC TRANSIT**  
**FIR, Schedule 1**  
**Schedule of Long Term Debt and Sinking Funds**  
**As at March 31, 2012**

Debt Issue	Debt Type	Maturity	Rate	Original Currency	Principal	Sinking Fund Book Value	Sinking Fund Market Value
BCCP-133	Bond	12-May-13	3.700%	CA	2,514,000.00	1,434,417	1,451,560
BCCP-116	Bond	10-Oct-13	4.120%	CA	2,836,735.00	1,916,292	1,943,471
BCCP-141	Bond	9-Dec-13	3.520%	CA	4,253,000.00	2,387,111	2,413,024
BCT-CD-9	Bond	18-Jun-14	5.300%	CA	3,500,000.00	3,010,096	3,067,633
BCCP-114	Bond	11-Sep-14	4.240%	CA	2,740,000.00	1,598,672	1,644,685
BCCP-155	Bond	8-Dec-14	2.710%	CA	7,349,000.00	2,713,644	2,737,449
BCCP-156	Bond	9-Mar-15	2.900%	CA	5,686,000.00	2,090,125	2,123,898
BCCP - 158	Bond	12-Apr-15	3.350%	CA	16,200,000.00	3,010,372	3,098,773
BCCP - 168	Bond	10-Dec-15	2.720%	CA	9,395,000.00	1,708,788	1,689,296
BCCD-21	Bond	18-Dec-18	4.650%	CA	11,200,000.00	2,086,856	2,158,082
BCT CP 62	Bond	10-Mar-20	6.440%	CA	1,828,000.00	1,237,356	1,422,638
BCT BCCP-63	Bond	10-Apr-20	6.430%	CA	17,770,000.00	6,933,025	8,264,381
BCT BCCP-63	Bond	10-Apr-20	6.430%	CA		3,329,345	3,973,895
BCCP - 169	Bond	10-Dec-20	3.860%	CA	1,300,000.00	104,141	102,818
BCT BCCP -70	Bond	10-Apr-21	6.33%	CA	11,300,000.00	6,192,777	7,303,883
BCT CP-77	Bond	13-Nov-21	5.970%	CA	2,100,000.00	835,486	991,668
BCT BCCP -82	Bond	10-Jun-22	6.270%	CA	8,140,000.00	2,912,811	3,511,110
BC CP-84	Bond	12-Aug-22	6.050%	CA	9,100,000.00	4,319,057	4,735,934
BCCP CP -85	Bond	10-Sep-22	5.740%	CA	6,110,000.00	1,690,590	1,891,946
BCCP CP -85	Bond	10-Sep-22	5.740%	CA		1,547,563	1,720,952
BCCP-142	Bond	9-Dec-23	5.020%	CA	500,000.00	73,906	81,419
BCT-CP-107	Bond	11-Jul-25	4.570%	CA	3,179,500.00	681,154	806,783
BCT-CP-108	Bond	11-Aug-25	4.610%	CA	5,000,000.00	1,063,428	1,235,657
BCCP-113	Bond	8-Aug-26	4.780%	CA	1,711,057.32	296,221	363,961
BCCP-119	Bond	11-Dec-26	4.300%	CA	8,285,000.00	1,410,562	1,711,562
BCCP-128	Bond	9-Oct-27	4.860%	CA	2,200,000.00	294,954	349,582
BCCP-139	Bond	7-Oct-28	4.980%	CA	7,212,000.00	703,138	803,823
BCCP-143	Bond	9-Dec-28	5.190%	CA	2,747,000.00	265,994	306,887
BCT-CP-145	Bond	11-May-29	5.010%	CA	22,500,000.00	1,455,751	1,720,681
BCCP-157	Bond	9-Mar-40	4.600%	CA	11,423,000.00	352,123	399,496

BCCP - 159	Bond	12-Apr-40	4.730%	CA	8,700,000.00	136,653	171,787
BCCP-173	Bond	11-Jul-26	4.010%	CA	29,056,381.00		
BCCP-174	Bond	11-Jul-31	4.210%	CA	6,145,256.00		
BCCP-175	Bond	8-Aug-16	2.240%	CA	6,377,796.00		
BCCP-176	Bond	8-Aug-21	3.390%	CA	2,571,958.00		

<b>Subtotal</b>					<b>240,930,683</b>	<b>57,792,406</b>	<b>64,198,732</b>
<b>NET UNAMORTIZED BOND PREMIUM/(DISCOUNT)</b>					<b>(265,522)</b>		

<b>Totals: Principal / Sinking Fund Balances</b>					<b>240,665,161</b>		<b>64,198,732</b>
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## **BC TRANSIT**

**FIR, Schedule 1, section 5**

### **SCHEDULE OF GUARANTEE & INDEMNITY AGREEMENTS FOR YEAR ENDED MARCH 31, 2012**

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, subsection 6(7)**

**Statement of Severance Agreements  
Year Ended March 31, 2012**

**There were 11 severance agreements, representing 30.26 months compensation total, made between BC Transit and its non-unionized employees during the fiscal year 2011/2012**

**This statement is produced under the *Financial Information Regulation*, Schedule 1, Subsection 6(7)**

**BRITISH COLUMBIA TRANSIT**  
**FIR, Schedule , Section**  
**Schedule Showing the Remuneration and Expenses**  
**Paid In Respect of Each Board Member or Commission Member**  
**Year ended March 31, 2012**

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

<u>Member Name</u>		<u>Remuneration</u>	<u>Total Expenses</u>
<b><u>Members of the Board of Directors:</u></b>			
Mahoney, Kevin	Chair	15,300	5,924
Atebe, James 1		5,550	2,550
Cairns, Kelly		11,900	4,642
De Clark, Bob		7,500	2,178
Sjostrom, Mary		7,200	1,123
<b><u>Members of the Commission and Board of Directors:</u></b>			
Causton, Christopher 1	Chair - Commission	6,000	937
Brice, Susan		11,550	932
<b><u>Members of the Commission:</u></b>			
Alto, Marianne 2		300	
Cross, Larry 2		300	25
Desjardins, Barbara 2		300	
Evans, Janet 1		1,200	
Fortin, Dean		1,350	-
Leonard, Frank		1,350	-
Luton, John 1		1,200	-
Mar, Jack 1		1,200	-
<b><u>Total Remuneration and Expenses</u></b>		<b>\$ 72,200</b>	<b>\$ 18,311</b>

1 Ceased as Directors and / or Members of the Commission Effective November 2011

2 Appointed to the Commission March 2012

**BRITISH COLUMBIA TRANSIT**

**Schedule Showing the Remuneration and Expenses over \$75,000  
Paid In Respect of Each Employee  
Year Ended Mar 31, 2012**

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Abraham, Eric	92,478	
Achadinha, Manuel **	405,637	17,164
Anderson, Brian	165,498	10,360
Anderson, Stephen	91,981	23,292
Arneson, Monty	75,989	
Attenborough, Brian	88,497	
Baker, Mark	75,014	
Birk, Damoder	89,119	
Boss, James	80,459	
Brown, Ronald	80,664	8,840
Brydon, Stephen	105,658	6,692
Callister, Michael	83,267	
Campbell, Debra	75,082	2,505
Capron, Vance	99,539	
Carmichael, Andrew	101,259	
Chisholm, Robert	79,150	15,244
Cohoe, N. Lynn	80,161	12,000
Cronk, Terry	77,460	
Dallaway, Steven	78,550	17,890
Danks, Matthew	84,009	
Davis, Michael	173,100	18,528
Day, Thomas	106,034	16,235
DeYaeger, E. Lynn	106,092	
Ferrari, Semone	75,832	
Flemming, Ronald	80,529	
Fletcher, Bob	75,601	
Francescutti, Paul	82,732	6,206
Frost, Michael	104,292	16,785
Gardner, Rodney	84,006	
Gatt, Fraser	88,328	
Gauvin, Kerry	89,897	
George, Barry	87,628	10,314
Gimse, C. Bjorn	77,216	19,727
Gnoinski, Peter	84,117	
Grant, Michael	93,650	2,793
Gregory, Phillip	78,074	15,867
Gueho, Shauna	76,917	5,215
Guthrie, David	115,359	6,448
Hall, Robert	90,910	9,628
Hartley, Thomas	92,361	
Harvard, Stephen	88,819	37,496
Head, Bruce	83,656	
Hegar, Mark	76,945	3,841
Henderson, W. Neil	92,906	



**BRITISH COLUMBIA TRANSIT**

**Schedule Showing the Remuneration and Expenses over \$75,000  
Paid In Respect of Each Employee  
Year Ended Mar 31, 2012**

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Hicks, John	85,464	5,143
Hileman, Garth	90,005	
Hill, Megan	96,974	
Huebner, Derek	80,984	
Jackman, Brent	76,295	6,697
Jaye, David	92,816	
Johal, Ranjeet	80,778	
Joki-Erkkila, Juha	90,528	
Jones, Leanne	95,879	
Joth, Gavin	78,061	3,690
Kohl, Michael	160,976	16,215
Kuwert, A. Eric	86,133	
Lamb, Aaron	127,714	31,192
Langridge, Terry	87,701	
Leslie, Coralie	110,704	
Lewis, Richard	90,601	3,446
Lloyd, Robert	80,041	
Loussarian, Paul	101,816	4,538
Maier, E. Karl	76,840	
Mason, Deirdre	84,890	
Masterton, Graeme	92,823	10,698
Melanson, Terrence	75,925	
Metzak, Barry	79,132	
Milligan, Donald	96,042	
Millward, Steven	83,163	
Moore, Myrna	90,092	2,794
Morin, William	84,880	
Murty, Philip	87,778	
Nixon, C. David	79,640	
Nordstrom, Errol	78,564	8,271
Norgaard, Jonathan	124,269	12,187
Nussbaum, Debbie	107,995	7,111
Olague, Jose	101,617	
Orfield, Michelle	86,153	27,041
Orr, Graham	81,100	
Palmer, John	106,506	13,123
Peters, Bruce	96,209	
Pettigrew, Joshua	92,069	3,707
Pinkerton, Erinn	123,389	4,565
Price, Norman	81,316	
Proud, Lawrence	110,491	
Ram, Jim	79,986	
Rantucci, Peter	128,862	12,509
Ribeiro, Louie	79,975	

**BRITISH COLUMBIA TRANSIT**

**Schedule Showing the Remuneration and Expenses over \$75,000  
Paid In Respect of Each Employee  
Year Ended Mar 31, 2012**

<b>EMPLOYEE NAME</b>	<b>*REMUNERATION</b>	<b>TOTAL EXPENSES</b>
Ridout, Christy	88,980	4,481
Robinson, Wayne	92,299	
Ruch, Freddy	76,184	
Ruffolo, Salvatore	79,851	2,439
Sadler, Leslie	83,317	7,733
Schubert, Kevin	88,634	36,117
Shearer, William	92,932	1,137
Sheehan, Maureen	109,879	3,430
Siu, Ly	77,382	
Somner, Dennis	85,841	
Thornton-Joe, Philip	80,834	
Townsend, Bruce	79,387	
Van Schaik, Adolf	89,677	
VanSchaik, Johann	88,018	25,210
Wadsworth, James	76,424	3,590
Wasiuta, Anita	90,024	1,748
Waters, J. Shawn	80,404	
Watson, Emily	83,570	17,009
Wick, Leanne	81,088	3,882
Will, Jeffrey	83,015	
Wood, Sheilagh	88,371	
Yablonski, Deborah	78,548	
Yeo, G. Keith	80,403	
Over 75,000 Remuneration	10,392,707	562,775
Less than 75,000 Remuneration	42,381,395	748,984
Grand Total Employees	52,774,102	1,311,759

\*Remuneration in 2012 is based on a 27 pay period annual cycle (2011 - 26 pay periods). Reported payments in this schedule are based on a paid basis as opposed to the year earned. Remuneration includes banked time payouts such as overtime and annual vacation.

\*\*Remuneration includes incentive compensation earned in prior years and paid in 2012. Please refer to Executive Compensation Disclosure on BC Transit's website for executive compensation that is presented on an earned basis (2012 - \$324,438 / 2011 - \$327,062 / 2010 - \$351,253)

**BRITISH COLUMBIA TRANSIT**  
FIR, Schedule 1, section 6  
Schedule showing the Remuneration and Expenses over \$75,000  
Paid In Respect of each Employee (Reconciliation)  
Year ended March 31, 2012

**Reconciliation**

	<u>Remuneration</u>	<u>Expenses</u>
Commission Members And Members Of The Board Of Directors	72,200	18,311
Employees' Total Remuneration	<u>52,774,102</u>	<u>1,311,759</u>
Employer Portion CPP And EI	<u>2,802,134</u>	
Total Remuneration	<u><u>\$55,648,436</u></u>	<u><u>\$1,330,070</u></u>

**BRITISH COLUMBIA TRANSIT**

**Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012**

Vendor Name	Aggregate Amount Paid
0503050 BC LTD, D.B.A. TARA PRECISION	479,440
627535 B.C. LTD.	58,239
A.C.E. COURIER	49,865
ABC TRANSMISSIONS	65,597
ACKLANDS-GRAINGER INC.	119,914
AIR CANADA	80,409
AIR LIQUIDE CANADA	1,987,291
ALEXANDER DENNIS INC.	1,016,962
ALEXANDER DENNIS LTD.	147,656
ALLSPARES (AUTO) LTD.	33,955
ARROW & SLOCAN LAKES COMMUNITY	1,280,636
AXION TECHNOLOGIES LTD.	161,404
AXIS DESIGNS LTD	47,737
BAKER TRANSIT PARTS INC.	64,038
BC HYDRO	309,799
BC TRANSIT LIFESTYLE & FITNESS CENTRE	60,800
BCT EMPLOYEE HEALTH & BENEFIT TRUST	192,104
BEE-CLEAN BUILDING MAINTENANCE	212,870
BELLA COOLA VALLEY BUS COMPANY LTD.	220,199
BERKS INTERTRUCK LTD.	29,236
BFI CANADA INC.	40,329
BLACK PRESS GROUP LTD.	71,691
BLACKBIRD GR	37,162
BLUEBIRD CABS LTD.	464,428
BMS INTEGRATED SERVICE INC.	46,348
BMT GROUP SERVICES	53,808
BRC GROUP	1,762,254
CANADA TICKET INC.	78,737
CANADIAN AUTO WORKERS UNION	574,039
CANADIAN LINEN SUPPLY	80,251
CANON BUSINESS SOLUTIONS	44,344
CAPITAL CITY PAVING LTD.	56,072
CAPITAL REGION EMERGENCY SERVICES	409,618
CAPITAL REGIONAL DISTRICT	41,591
CAREFREE SOCIETY	1,122,055
CBM NA INC	175,732
CBS PARTS LTD.	169,339
CBSC CAPITAL INC.	59,639
CHEVRON CANADA LTD.	83,777
CISION CANADA	44,574
CITY OF ABBOTSFORD	233,677
CITY OF KAMLOOPS	63,725
CITY OF KELOWNA	321,287
CITY OF LANGFORD	168,941
CITY OF NELSON	1,137,087
CITY OF POWELL RIVER	956,730
CITY OF PRINCE GEORGE	76,197
CITY OF REVELSTOKE	39,887

**BRITISH COLUMBIA TRANSIT**

**Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012**

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
CITY OF VERNON	1,497,793
CITY OF VICTORIA	412,807
CLIFFE STREET CENTRE LTD.	77,394
COAST ENVIRONMENTAL LTD.	121,709
COAST INDUSTRIAL PARTS LTD.,	53,141
COLUMBIA FIRE & SAFETY LTD.,	40,562
COLUMBIA FUELS	77,390
CONSIDINE & COMPANY	60,711
CONWAY FREIGHT-CANADA INC	48,253
COPE	85,470
COPE 378 HEALTH & WELFARE TRUST	122,855
COWICHAN LAKE COMMUNITY	189,413
COWICHAN VALLEY VOLUNTEER SOCIETY	336,256
COX TAYLOR BARRISTERS & SOLICITORS	555,851
CULLEN DIESEL POWER LTD	626,515
CUMMINS WESTERN CANADA LTD	1,786,089
CUTA	54,730
D.R. COELL & ASSOCIATES INC.	49,649
DEALER EQUIPMENT & SERVICES	123,404
DENSO SALES CANADA INC.	229,657
DESNOYER DEVELOPMENT LTD.	53,851
DILIGENT BOARD MEMBER SERVICES INC.	27,092
DIRECTOR, FAMILY MAINTENANCE	30,786
DISTRICT OF SAANICH	88,802
DIVERSIFIED TRANSPORTATION LTD.	6,101,412
DODD'S FURNITURE & MATTRESS	38,080
DON MANN EXCAVATING LTD.	53,152
DSR HOLDINGS	80,702
DYNAMIC SPECIALTY VEHICLES LTD	26,555
E H EMERY ELECTRIC LTD	379,684
E-CARD ID PRODUCTS LTD.	26,084
ELECTRONIC DATA MAGNETICS INC.	145,029
ELREG DISTRIBUTORS LTD.	152,208
EMPRESS TRANSPORTATION CO LTD	191,615
EXEC-U-NET CONSULTING GROUP	64,808
FENDERS AUTO BODY	81,084
FIRSTCANADA ULC	60,319,891
FIVE FIVE TRANSPORT	667,344
FORTIS BC - NATURAL GAS	278,952
FOSTER AIR CONDITIONING LTD.	32,117
FOTOPRINT LTD.	80,031
FRANZ ENVIRONMENTAL	53,174
GANGES FAERIE MINISHUTTLE	345,765
GARIVAL INC.	765,220
GIRO INC.	67,493
GLACIER MEDIA GROUP-GVIC	43,175
GLENOAK FORD SALES LTD.	243,398
GLOBAL INSPECTIONS	45,526

**BRITISH COLUMBIA TRANSIT**

**Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012**

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
GRAPHIC OFFICE INTERIORS LTD.	159,385
GRAY LINE WEST	104,672
GREAT CANADIAN RAILTOUR CO. LTD.	200,000
GREAT WEST LIFE	1,270,947
GREYHOUND CANADA TRANSPORTATION CORP.	1,206,405
HAIsla TAXI	133,999
HARBOUR SIDE MECHANICAL INC.	39,369
HARRIS & COMPANY BARRISTER AND SOLICITOR	51,164
HDR CORPORATION	63,521
HEENAN BLAIKIE LLP	26,112
HEMLOCK PRINTERS LTD.	40,565
HENRY'S GARDENING	27,512
HIGGINSON CONSULTING LTD.	109,542
HIGH LINE CORPORATION	29,650
ICBC	1,191,085
ID2 COMMUNICATIONS INC.	37,145
INDUSTECH SYSTEMS	62,263
INSIGHTSOFTWARE.COM	145,035
INTEGRO INSURANCE BROKERS	1,429,906
INTERIOR HEALTH	89,307
JACOBY OFFICE INTERIORS	61,306
JB GROUP	46,535
JETDOG SOLUTIONS	73,521
JG SINGER CONSULTING	52,951
JIM PATTISON BROADCAST GROUP	40,034
JOHN BERESFORD	28,023
JOHN VANDER VEEN TRUCKING	113,073
KAL TIRE (LANGFORD)	36,278
KIMBERLEY COMMUNITY TRANSPORTATION	236,022
KINETIC CONSTRUCTION	54,945
KING BROS. LTD.	200,746
KPMG LLP	61,649
LAMAR TRANSIT ADVERTISING	29,269
LDN TRANSPORTATION	198,063
LEVELTON CONSULTANTS LTD.	38,179
LINK COMMERCIAL VEHICLE TESTING	202,738
LONG VIEW SYSTEMS	82,062
LOOMIS EXPRESS	76,736
LORDCO PARTS LTD.	27,036
LUCID MANAGEMENT GROUP LTD.	1,219,520
LYNDON ENTERPRISES LTD.	390,531
MACPHERSON BROWN LTD.	48,384
MARRIOTT	25,226
MARSH PROJECTS AND SYSTEMS LTD	34,881
MAXIMUM EXPRESS	28,258
MCELHANNEY CONSULTING SERVICES LTD.	56,956
MERCER (CANADA) LIMITED	27,037
MICHELIN NORTH AMERICA INC (CAN)	470,919

**BRITISH COLUMBIA TRANSIT**

**Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012**

Vendor Name	Aggregate Amount Paid
MILE-O-TAXI & CHARTERS	205,901
MINISTER OF FINANCE	5,934,387
MINISTRY OF TRANSPORTATION & INFRASTRUCTURE	1,611,499
MITCHELL PRESS	276,983
MONK OFFICE SUPPLY LTD.	90,589
MOTOR COACH INDUSTRIES LTD.	41,773
MT.VERNON MILLS, / LAFRANCE INDUSTRIES	78,174
MYRA SYSTEMS	52,282
NANAIMO REG. TRANSIT SYSTEM	9,529,424
NEC UNIFIED SOLUTIONS	182,689
NEW FLYER INDUSTRIES LTD.,	4,549,476
NICOLA VALLEY TRANSPORTATION SOCIETY	192,711
NIMBLE COMMUNICATIONS	33,600
NORCAN FLUID POWER LTD.	99,686
NORDBO SERVICES LTD.	120,450
NORTH ISLAND COMMUNITY SERVICES SOCIETY	316,664
NOVABUS	636,800
NRG RESEARCH GROUP	78,379
OAKCREST PARK ESTATES LTD.	609,438
OLYMPUS STAGE LINES LTD.	611,780
OMEGA FRONTLINE APPAREL LTD	114,496
OMICRON CANADA INC	15,132,855
ORACLE CANADA ULC	168,863
OTACO SEATING	49,729
PACIFIC BLUE CROSS	2,351,727
PACIFIC CARBON TRUST	33,335
PACIFIC LIAICON & ASSOCIATES INC.	2,395,030
PATRICIAN VENTURES LTD	42,078
PATTERSON ADAMS BARRISTERS	4,015,144
PENINSULA TAXI	33,763
PENTICTON & DISTRICT	248,088
PENTICTON LAKESIDE RESORT	36,547
PENTICTON TRANSIT SERVICES	2,065,521
PETERS BROS. CONSTRUCTION LTD.	250,258
PHH VEHICLE MANAGEMENT SERVICE	42,093
POWELL RIVER TAXI LTD	306,050
PPC WORLDWIDE CANADA EAP SERVICES	84,349
PPM 2000 INC.	48,552
PREVOST CAR INC.	918,088
PRINCE GEORGE TRANSIT LTD	5,816,542
PRINCETON & DISTRICT	114,731
PUBLIC SERVICE PENSION PLAN	8,094,166
PYE CONSTRUCTION LTD	78,385
QUALIWARE INC	59,870
RADIO WORKS	203,046
REBER CREATIVE	80,018
RECEIVER GENERAL FOR CANADA	13,804,164
RESORT MUNICIPALITY OF WHISTLER	192,797

BRITISH COLUMBIA TRANSIT

Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012

Vendor Name	Aggregate Amount Paid
REVENUE SERVICES OF BC (MSP)	955,099
RGS CONSULTING LTD.	2,016,088
RICHARD DRDUL INC	43,318
RIGHT MANAGEMENT	35,117
ROGER MILLER	38,210
ROGERS AT&T	212,792
ROGERS MEDIA	38,252
SAFETY-KLEEN CANADA, INC.	46,659
SCHEDULE MASTERS INC.	28,266
SHELL CANADA PRODUCTS	10,174,663
SIGNS OF THE TIMES	70,133
SMITHERS COMMUNITY SERVICES	173,609
SNC-LAVALIN INC	154,466
SOUTH OKANAGAN TRANSIT SOCIETY	84,253
SOUTH THOMPSON INN & GUEST RANCH	33,821
SPORTWORKS NW, INC.	56,020
STAN THOMPSON AUTO UPHOLSTERY	78,900
STRATAGEN SYSTEMS INC	57,264
SUN CITY COACHLINES LTD.	253,196
SUNCOR ENERGY INC/PETRO CANADA	150,944
SUNSHINE COAST REGIONAL DIST.	1,701,463
TC PUBLICATION LIMITED PARTNERSHIP	58,128
TECH-WEB GRAPHICS LTD.	163,986
TELEFLEX CANADA	189,303
TELUS COMMUNICATIONS (BC) INC.	91,538
TELUS SERVICES INC.	129,024
THE 500 STAFFING INC.	57,243
THE DATA GROUP OF COMPANIES	96,171
THE GEAR CENTRE	94,522
THE JACK BELL FOUNDATION	52,562
THE LAKERS' GO BUS SOCIETY	630,714
THINK COMMUNICATIONS	462,577
THINK TECHNOLOGY SOLUTIONS INC	42,007
THREE POINT MOTORS	53,079
TIME ACCESS SYSTEMS INC.	30,268
TOTEM TOWING	56,169
TRAIL TRANSIT SERVICES INC.	2,445,958
TRAPEZE SOFTWARE INC.	118,868
UNISOURCE CANADA, INC.	26,155
UNITED WAY	29,114
UNIVERSITY OF VICTORIA	26,032
VAN KAM FREIGHTWAYS LTD	81,671
VAPOR BUS INTERNATIONAL	150,324
VECIMA NETWORKS INC.	700,000
VICTORIA BATTERY DIRECT	77,150
VICTORIA CONTRACTING & MUNICIPAL MAINTENANCE CORP.	52,395



**BRITISH COLUMBIA TRANSIT**

**Alphabetical List of Suppliers who Received Aggregate Payments  
In Excess of \$25,000  
Year ended March 31, 2012**

<b>Vendor Name</b>	<b>Aggregate Amount Paid</b>
VICTORIA TAXI	339,933
VISUAL VERIFICATION SYSTEMS INC.	25,150
VOITH TRANSMISSION CANADA INC.	807,404
WATSON & ASH TRANSP. CO. LTD.	5,150,249
WEST SHORE PARKS & RECREATION	30,564
WESTERN SCALE CO. LTD	29,660
WESTJET	42,471
WHISTLER TRANSIT LTD.	9,104,973
WILLE DODGE CHRYSLER LTD.	46,612
WILLIAM T. HAIG	27,712
WORKSAFE BC	845,810
YELLOWHEAD COMMUNITY SERVICES	119,665

<b>Consolidated Total Of Payments In Excess Of \$25,000 Paid To Suppliers</b>	<b>223,363,272</b>
<b>Consolidated Total Of Payments Less Than \$25,000 Paid To Suppliers</b>	<b>3,872,473</b>
<b>Total Aggregate Payments Made To Suppliers Per Accounts Payable Ledger</b>	<b>227,235,745</b>

**BRITISH COLUMBIA TRANSIT**  
**FIR, Schedule 1, section 7**  
**Reconciliation of Vendor Payments to Financial Statements**  
**Year ended March 31, 2012**

**Vendor Analysis Reconciliation**

<b>Vendor Analysis</b>		<b>\$ 227,235,745</b>
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**Vendor Payments not on Statement of Operations:**

Non expenditure payments including HST, prepaids and change in accounts payable	(9,619,663)	
Amounts paid to vendors on Capital Assets and WIP	(40,526,845)	
Other Timing Differences Between Cash Disbursement And The Accrual Basis Of Accounting	(4,188,173)	(54,334,681)

**Expense Items not in 11/12 vendor analysis**

Employee Net Pay via Payroll	33,978,706	
Expenses paid directly to Employees	738,297	
Non Cash Adjustments To Convert to Public Sector Accounting	(3,673,578)	
Fees & Expenses paid directly to Board/Commission members	90,511	31,133,936

		<b>\$ 204,035,000</b>
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**BC Transit Statement of operations:**

Operations	\$ 198,936,000	
Maintenance	40,652,000	
Administration	22,568,000	
	262,156,000	

**Less:**

Capital Asset Amortization	(47,218,000)	
Interest on Long Term Debt	(10,903,000)	

		<b>\$ 204,035,000</b>
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Financial Statements  
(Expressed in thousands of dollars)

**BRITISH COLUMBIA TRANSIT**

Years ended March 31, 2012 and 2011

# MANAGEMENT REPORT

Year ended March 31, 2012

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 and as advised by the Office of the Comptroller General of British Columbia.

These consolidated financial statements include some amounts based on management's best estimates and careful judgment. A precise determination of many 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 24, 2012.

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 conflict of interest policy of 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 in all material respects, present fairly the consolidated financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the consolidated statements of operations, statements of change in net debt, statement of remeasurement gains and losses, and the statements of cash flows for the years then ended in accordance with Canadian public sector accounting standards. Their report follows. The Board of Directors meets regularly with management and the external auditors to satisfy itself that the company's system of internal control is adequate, to ensure that responsibilities for financial reporting are being met, and to provide an opportunity for full and open access to the Board of Directors in respect to financial reporting matters.

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



Manuel Achadinha  
President and Chief Executive Officer  
May 24, 2012



Michael Kohl, CA  
Vice President, Finance and Chief Financial Officer

# 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*

## **Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of British Columbia Transit, which comprise the consolidated statements of financial position as at March 31, 2012, March 31, 2011, and April 1, 2010, and the consolidated statements of operations, statements of change in net debt, statement of remeasurement gains and losses and statements of cash flows for the years 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 the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of 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 audits. I conducted my audits 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 presentation of the consolidated financial statements.

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

## Independent Auditor's Report

**Opinion**

In my opinion, the consolidated financial statements of British Columbia Transit for the years ended March 31, 2012, and March 31, 2011, and the consolidated statement of financial position as at April 1, 2010, are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

**Emphasis of Matter**

Without modifying my opinion, I draw attention to Note 2(a) to the consolidated financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 19 to the consolidated financial statements discloses the impact of these differences.

Victoria, British Columbia  
May 24, 2012



John Doyle, MAcc, CA  
Auditor General

# BRITISH COLUMBIA TRANSIT

Consolidated Statements of Financial Position

(Expressed in thousands of dollars)

March 31, 2012, March 31, 2011 and April 1, 2010

	March 31, 2012	March 31, 2011 (Restated – note 3)	April 1, 2010 (Restated – note 3)
<b>Financial assets:</b>			
Cash and cash equivalents (note 4)	\$ 87,898	\$ 54,034	\$ 36,344
Accounts receivable:			
Provincial and federal capital grants	3,000	-	1,078
Municipalities	13,317	9,654	10,671
Trade and other	6,124	10,569	11,038
Debt sinking funds (note 7)	64,199	51,531	42,069
	174,538	125,788	101,200
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	28,370	31,372	35,811
Provincial funding payable	10,331	526	-
Deferred contributions (note 5)	7,347	7,168	8,300
Deferred capital contributions (note 6)	821,561	860,046	900,095
Debt (note 7)	240,665	206,403	179,145
Obligations under capital lease	-	-	137
Employee future benefits (note 8)	13,448	12,245	11,062
	1,121,722	1,117,760	1,134,550
<b>Net debt:</b>	(947,184)	(991,972)	(1,033,350)
<b>Non-financial assets:</b>			
Tangible capital assets (note 9)	313,304	323,999	336,183
Tangible capital assets under lease (note 10)	680,737	713,391	746,045
Inventories	8,166	8,286	8,796
Prepaid expenses	2,052	1,072	1,331
Prepaid lease payments	1,996	2,102	919
	1,006,255	1,048,850	1,093,274
<b>Accumulated surplus:</b>	\$ 59,071	\$ 56,878	\$ 59,924
Accumulated surplus is comprised of:			
Accumulated operating surplus	\$ 52,565	\$ 53,977	\$ 59,924
Accumulated remeasurement gains	6,506	2,901	-
	\$ 59,071	\$ 56,878	\$ 59,924

Commitments and contingencies (notes 12 and 13)

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

Director

Director

# BRITISH COLUMBIA TRANSIT

Consolidated Statements of Operations  
(Expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

	Budget (note 16)	2012	2011 (Restated – note 3)
<b>Revenue:</b>			
Operations	\$ 66,766	\$ 67,847	\$ 65,127
Government transfers:			
Provincial (note 14)	90,875	88,065	83,971
Municipal (note 14)	86,898	75,483	66,793
Amortization of deferred capital contributions	30,929	27,183	30,151
Investment and other income	2,188	2,947	3,390
	<u>277,656</u>	<u>261,525</u>	<u>249,432</u>
<b>Expenses: (note 15)</b>			
Operations	206,570	198,936	191,046
Maintenance	46,588	40,652	39,382
Administration	24,498	22,568	22,053
	<u>277,656</u>	<u>262,156</u>	<u>252,481</u>
Net loss from operations	-	(631)	(3,049)
<b>Other:</b>			
Vancouver assets - amortization of deferred capital contributions (note 6)	31,242	31,242	31,242
Vancouver assets - amortization expense (note 10)	(32,654)	(32,654)	(32,654)
Amortization of contributed surplus	1,412	-	-
Gain on disposal of capital assets	-	11	242
Gain on foreign exchange and investments	-	620	375
	<u>-</u>	<u>(781)</u>	<u>(795)</u>
Annual deficit	-	(1,412)	(3,844)
Accumulated operating surplus, beginning of year	53,977	53,977	57,821
Accumulated operating surplus, end of year	<u>\$ 53,977</u>	<u>\$ 52,565</u>	<u>\$ 53,977</u>

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



# BRITISH COLUMBIA TRANSIT

Consolidated Statements of Change in Net Debt  
(Expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

	Budget (note 16)	2012	2011
Annual deficit	\$ -	\$ (1,412)	\$ (3,844)
Acquisition of tangible capital assets	(162,350)	(36,436)	(36,459)
Amortization of tangible capital assets	80,701	79,766	79,192
Amortization of prepaid lease	-	106	106
Gain on sale of tangible capital assets	-	(11)	(242)
Proceeds on sale of tangible capital assets	-	30	865
Feasibility project expenses	-	-	1,482
	(81,649)	42,043	41,100
Acquisition of inventories of parts	-	(27,156)	(26,696)
Acquisition of prepaid expenses	-	(2,052)	(1,072)
Consumption of inventories of parts	-	27,276	27,206
Use of prepaid expenses	-	1,072	1,331
Prepaid lease payment	-	-	(1,289)
	-	(860)	(520)
Realized (gain) loss reclassified to operations	-	(620)	(375)
Unrealized gain (loss) on portfolio investment	-	4,225	1,173
	-	3,605	798
Change in net debt	(81,649)	44,788	41,378
Net debt, beginning of year	(991,972)	(991,972)	(1,033,350)
Net debt, end of year	\$ (1,073,621)	\$ (947,184)	\$ (991,972)

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

# **BRITISH COLUMBIA TRANSIT**

**Consolidated Statement of Remeasurement Gains and Losses**  
**(Expressed in thousands of dollars)**

Year ended March 31, 2012

		<u>2012</u>
Accumulated remeasurement gains and losses, beginning of year	\$	2,901
Unrealized gain on investments		4,225
<u>Realized gain on investments, reclassified to operations</u>		<u>(620)</u>
Accumulated remeasurement gains and losses, end of year	\$	<u>6,506</u>

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

# BRITISH COLUMBIA TRANSIT

Consolidated Statements of Cash Flows  
(Expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

	2012	2011
		(Restated note 3)
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,412)	\$ (3,844)
Items not involving cash:		
Amortization of tangible capital assets	79,766	79,192
Amortization of prepaid lease	106	106
Gain on sale of tangible capital assets	(11)	(242)
Amortization of deferred capital contributions	(58,425)	(61,393)
Feasibility project expenses	-	1,482
Changes in non-cash assets and liabilities:		
Accounts receivable	(2,218)	2,564
Accounts payable and accrued liabilities	6,803	(3,913)
Deferred contributions	179	(1,132)
Employee future benefits	1,203	1,183
Inventories of parts	120	510
Prepaid expenses	(980)	259
Net change in cash from operating activities	25,131	14,772
Capital activities:		
Proceeds from disposal of TPCC	-	20
Proceeds on sale of tangible capital assets	30	865
Cash used to acquire tangible capital assets	(36,436)	(36,459)
Net change in cash from capital activities	(36,406)	(35,574)
Investing activities:		
Increase in debt sinking funds net of unrealized gain	(9,063)	(8,684)
Net change in cash from investing activities	(9,063)	(8,684)
Financing activities:		
Capital lease payments	-	(137)
Prepaid lease payments	-	(1,289)
Debt issued	44,151	35,596
Debt repaid	(9,889)	(8,338)
Deferred capital contributions received	19,940	21,344
Net change in cash from financing activities	54,202	47,176
Net change in cash and cash equivalents	33,864	17,690
Cash and cash equivalents, beginning of year	54,034	36,344
Cash and cash equivalents, end of year	\$ 87,898	\$ 54,034
Supplemental cash flow information:		
Cash paid for interest	\$ 10,684	\$ 9,372
Cash received from interest	2,283	1,871

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

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 1. Nature of Operations:

British Columbia Transit ("BC Transit") was 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 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.

The financial position and changes in the funds during the year are set out in note 11.

## 2. Significant accounting policies:

### (a) Basis of presentation:

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards (PSAS) 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 and as advised by the Office of the Comptroller General of British Columbia.

These are BC Transit's first consolidated financial statements prepared in accordance with Public Sector Accounting Standards and PS 2125, *First-time Adoption by Government Organizations*, has been applied. BC Transit has elected to early adopt Section PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, and PS 3450 *Financial Instruments* in the preparation of these consolidated financial statements.

These accounting changes have been applied retroactively with restatement of prior periods except for the accounting standards contained in PS 2601 *Foreign Currency Translation* and PSAS 3410.100 *Financial Instruments* as these standards specifically prohibit retroactive application. The transition date is April 1, 2010 and all comparative information provided has been presented by applying PSAS.

In accordance with the transitional provisions in PSAS, BC Transit has adopted the changes, subject to certain exemptions allowed under these standards. BC Transit has elected to use the following exemptions:

Tangible capital asset impairment – BC Transit has elected to assess conditions for a write-down of a tangible capital asset as noted in PS 3150, *Tangible Capital Assets*, on a prospective basis from the date of transition to Public Sector Accounting Standards.

Retirement and post employment-benefits – BC Transit has elected to recognize all cumulative actuarial gains and losses directly into accumulated surplus, as noted in PS 3250, *Retirement Benefits* and PS 3255, *Post-Employment Benefits, Compensated Absences and Termination Benefits*, as at the date of transition to Public Sector Accounting Standards.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (a) Basis of presentation (continued):

In November 2011, Treasury Board provided a directive through Restricted Contributions Regulation 198/2011 providing direction for the reporting of government transfers whether they are received or receivable by BC Transit before or after this regulation was in effect. The Treasury Board direction on the accounting treatment of government transfers is as described in Note 2(e)(i) and 2(e)(ii).

These consolidated financial statements have been prepared in accordance with the financial reporting framework described above.

### (b) Basis of accounting:

BC Transit follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Future accounting policy changes:

#### (i) Liability for contaminated sites:

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites*. PS 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments. The main features of the section are as follows:

- A liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for the damage.
- A liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination; and
- Outstanding site assessments do not negate the requirement to assess whether a liability exists.

Management is evaluating the impact of PS 3260, which will be adopted for fiscal 2015.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (d) 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.

The following organizations are controlled by BC Transit and 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.

### (e) Deferred contributions and revenue recognition

Government transfers received relate to contributions from federal, provincial and municipal 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 or in the form of a depreciable tangible capital asset, in each case 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.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (e) Deferred contributions and revenue recognition (continued)

- (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 19 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.

### (f) 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.

### (g) 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.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (g) Financial instruments (continued)

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 a portfolio 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 on hand, 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 measured using a Level 1 valuation.

### (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 fund balances consist of pooled investment portfolios and Canadian, Provincial government and Crown Corporation bonds managed by the British Columbia Investments 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.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (h) Employee future benefits

BC Transit and its employees contribute to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 54,000 active plan members and approximately 38,000 retired plan members. Required contributions to the Plan are expensed as incurred. The maximum contribution rate for eligible employees was 9.28% (2011 – 9.28%). BC Transit's maximum contribution rate was 10.28% (2011 – 10.28%).

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at March 31, 2011, indicated a deficit of \$275,401 for basic pension benefits. The actuary does not attribute portions of the deficit to individual employers. The next required valuation is March 31, 2014.

Outside of the Public Service Pension Plan, BC Transit maintains various benefit arrangements available to retired employees including non-pension post retirement benefits, post employment benefits and continuation of long term disability benefits. The future obligation 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. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation completed effective for March 31, 2012.

### (i) 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 acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

## 2. Significant accounting policies (continued):

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

Asset	Useful Life - Years
Land	Indefinite – not amortized
Leasehold improvements	term of lease
Buildings	5 – 30
Revenue vehicles:	
Main asset	2 – 20
Major components	2 – 11
Hydrogen fuel cell fleet	5 – 10
Non-revenue vehicles	10
Hydrogen fuelling station	5
Equipment and other capital assets	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 and also are recorded as deferred capital contributions. Tangible capital assets are amortized over their estimated useful lives.

### (iii) Interest capitalization:

Interest is capitalized whenever external 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) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

### (v) Inventories:

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

### (vi) 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.

### (vii) Intangibles:

Intangible assets are not recognized in government financial statements.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(Tabular amounts expressed in thousands of dollars)

Years ended March 31, 2012 and 2011

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## 2. Significant accounting policies (continued):

### (j) Use of estimates:

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in the determination of amortization periods and estimating provisions for certain accrued liabilities. Actual results could differ from these estimates.

## 3. Conversion to Public Sector Accounting Standards and adoption of Restricted Contributions Regulation 198/2011:

As outlined in note 2 (a), on April 1, 2011, BC Transit adopted 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.

The impact of the conversion to Canadian public sector accounting standards and the adoption of the Restricted Contributions Regulation 198/2011 at the date on transition is presented below.

### (a) PSAS transitional adjustments:

#### (i) Tangible capital assets

Under BC Transit's previous reporting framework, intangible assets were recognized as assets on the consolidated balance sheet. Upon conversion to PSAS, these assets had to be written off as intangible assets are not recognized as assets under the new reporting framework. Accordingly, \$1,497 was expensed on April 1, 2010 and \$1,855 was expensed at March 31, 2011.

#### (ii) Employee future benefits

Upon conversion to PSAS, BC Transit has recalculated all employee benefit provisions in accordance with PS 3250, *Retirement benefits*, and PS 3255, *Post-employment benefits, compensated absences and termination benefits*. Accordingly, a liability of \$11,062 was recognized at April 1, 2010 and an unrealized employee future benefit expense of \$1,183 was recorded at March 31, 2011.

### (b) Restricted contributions transitional adjustments:

Upon adoption of the regulation, BC Transit has recognized \$179 of revenue deferred under its previous reporting framework on April 1, 2010 and derecognized \$14 of related revenue previously recognized on March 31, 2011.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 3. Conversion to Public Sector Accounting Standards (continued):

### (c) Summary of adjustments:

	April 1, 2010 As previously reported	Effect of PSAS Adoption			Presentation Changes	Total Opening Adjustments	April 1, 2010 restated
		Tangible Capital Assets	Employee Future Benefits	Government Transfers			
Cash and cash equivalents	\$ 38,344						38,344
Accounts receivable - Federal	1,078						1,078
Accounts receivable - Municipalities	10,671						10,671
Accounts receivable - Trade and other	11,038						11,038
Debt Sinking funds	42,069						42,069
Accounts payable and accrued liabilities	(35,297)		(514)			(514)	(35,811)
Provincial funding payable	-						-
Deferred contributions	(4,733)				\$ (3,567)	\$ (3,567)	(8,300)
Deferred revenue	(3,748)			\$ 179	3,567	3,748	-
Deferred capital contributions	(900,095)						(900,095)
Debt	(179,145)						(179,145)
Obligations under capital lease	(137)						(137)
Employee future benefits	-		\$ (11,062)			(11,062)	(11,062)
Tangible capital assets	346,209	\$ (1,497)			(8,529)	(10,026)	336,183
Tangible capital assets under lease	746,045						746,045
Inventories	267				8,529	8,529	8,796
Prepaid expenses	1,331						1,331
Prepaid lease payments	919						919
Accumulated operating surplus	(72,818)	1,497	11,576	(179)		12,894	(59,924)
Accumulated remeasurement gains	-						-

	March 31, 2011 As previously reported	Prior year adjustments	Effect of PSAS Adoption			Presentation Changes	March 31, 2011 restated
			Tangible Capital Assets	Employee Future Benefits	Government Transfers		
Cash and cash equivalents	\$ 54,034						\$ 54,034
Accounts receivable - Federal	-						-
Accounts receivable - Municipalities	9,654						9,654
Accounts receivable - Trade and other	10,569						10,569
Debt Sinking funds	51,531						51,531
Accounts payable and accrued liabilities	(31,384)	(514)				526	(31,372)
Provincial funding payable	-					(526)	(526)
Deferred contributions	(5,298)				\$ (1,870)	(7,168)	(7,168)
Deferred revenue	(2,035)	\$ 179			\$ (14)	1,870	-
Deferred capital contributions	(860,046)						(860,046)
Debt	(206,403)						(206,403)
Employee future benefits	-	(11,062)		\$ (1,183)		(12,245)	(12,245)
Tangible capital assets	336,742	(1,497)	\$ (3,080)			(8,166)	323,999
Tangible capital assets under lease	713,391						713,391
Inventories	120					8,166	8,286
Prepaid expenses	1,072						1,072
Prepaid lease payments	877		1,225				2,102
Accumulated operating surplus	(72,824)	12,894	1,855	1,183	14	-	(56,878)
Accumulated remeasurement gains	-					(2,901)	(2,901)
Annual deficit (surplus) for the year	\$ (792)	\$ -	\$ (1,855)	\$ (1,183)	\$ (14)	\$ -	\$ (3,844)

# BRITISH COLUMBIA TRANSIT

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

Major components of cash and cash equivalents are as follows:

	2012	2011	2010
Cash	\$ 9,916	\$ 15,616	\$ 4,003
Cash equivalents	77,982	38,418	32,341
	\$ 87,898	\$ 54,034	\$ 36,344

#### 5. Deferred contributions:

BC Transit owns certain West Coast Express and SkyTrain infrastructure in Vancouver. The SkyTrain infrastructure included lands surplus to the operation of the Expo Line. In prior years BC Transit has disposed of certain surplus lands. The Ministry of Transportation and Infrastructure granted these and other accumulated funds to BC Transit to use for operating and capital expenditures. No amounts (2011 - \$0) were used to purchase capital assets in the year. The remaining unexpended amounts represent funds designated for capital and special projects.

Deferred contributions also includes \$71 (2011 - \$66) received from the Ministry of Environment and held for retro-fitting diesel motors.

BC Transit earned no interest (2011 - \$3) on deferred capital grants from the Public Transit Agreement as all amounts were spent in the prior year. As required under the related contribution agreements, this interest was deferred.

Debt service contributions to fund sinking fund and interest payments are recovered from local municipal 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.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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## 5. Deferred contributions (continued):

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

	2012	2011	2010
Provincial funding	\$ 1,876	\$ 1,870	\$ 2,171
Public Transit Agreement	-	-	1,396
Deferred local contributions	5,471	5,298	4,733
<b>Total deferred contributions</b>	<b>\$ 7,347</b>	<b>\$ 7,168</b>	<b>\$ 8,300</b>

Continuity of deferred contributions is as follows:

	2012	2011
Balance, beginning of year	\$ 7,168	\$ 8,300
Provincial funding	6	367
Public Transit Agreement	-	966
Contributions from municipalities – Victoria	33,421	29,881
Contributions from other municipalities	42,229	37,477
	<b>82,824</b>	<b>76,911</b>
Interest earned	-	1
Contributions used	-	(3,031)
Deferred local contributions used	(75,477)	(66,793)
<b>Balance, end of year</b>	<b>\$ 7,347</b>	<b>\$ 7,168</b>

## 6. Deferred capital contributions:

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

	2012	2011	2010
Deferred capital contributions	\$ 193,366	\$ 200,609	\$ 209,416
Vancouver assets - deferred capital contributions	628,195	659,437	690,679
<b>Total deferred capital contributions</b>	<b>\$ 821,561</b>	<b>\$ 860,046</b>	<b>\$ 900,095</b>

# BRITISH COLUMBIA TRANSIT

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## 6. Deferred capital contributions (continued):

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

	2012	2011
Balance, beginning of year	\$ 200,609	\$ 209,416
Contributions and other additions	19,940	21,344
Amortization	(27,183)	(30,151)
Balance, end of year	193,366	200,609
Capital assets under lease:		
Balance, beginning of year	659,437	690,679
Amortization	(31,242)	(31,242)
Balance, end of year	628,195	659,437
<b>Total deferred capital contributions</b>	<b>\$ 821,561</b>	<b>\$ 860,046</b>

## 7. 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 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:

	2012	2011	2010
Sinking fund bonds, weighted average interest rate of 4.60%, maturing at various dates to 2040, amortized from 5 to 30 years	\$240,665	\$206,403	\$179,145

Investments held in sinking funds, including interest earned, are to be used to repay the related debt at maturity. Investment income includes \$623 (2011 - \$350) of realized gains on disposition of investments in sinking funds.

# BRITISH COLUMBIA TRANSIT

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

Sinking fund investments are managed by the British Columbia Investment Management Corporation and have cost and market values as follows:

	2012		2011		2010	
	Cost	Market value	Cost	Market value	Cost	Market value
Money market funds	\$ 287	\$ 287	\$ 2,331	\$ 2,331	\$ 335	\$ 329
Provincial bonds	57,505	63,912	46,301	49,200	39,389	41,496
Municipal bonds	-	-	-	-	222	244
<b>Total</b>	<b>\$ 57,792</b>	<b>\$ 64,199</b>	<b>\$ 48,632</b>	<b>\$ 51,531</b>	<b>\$ 39,966</b>	<b>\$ 42,069</b>

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

2013	\$ -
2014	9,604
2015	19,275
2016	25,595
2017	6,378
Thereafter	180,079

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

2013	\$ 17,224
2014	16,857
2015	15,284
2016	12,638
2017	8,005
Thereafter	50,728



# BRITISH COLUMBIA TRANSIT

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## 8. Employee future benefits:

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

	2012	2011	2010
Non-pension post retirement benefits	\$ 12,822	\$ 10,852	\$ 10,050
Post employment benefits	445	469	502
Continuation of long term disability benefits	1,122	905	510
<b>Total liability for benefits</b>	<b>\$ 14,389</b>	<b>\$ 12,226</b>	<b>\$ 11,062</b>

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

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 12,245	\$ 11,062
Current benefit cost and event-driven expense	1,095	1,226
Interest	535	489
Actuarial gain (loss)	(2)	-
Benefits paid	(425)	(532)
Balance, end of year	13,448	12,245
Unamortized actuarial loss (gain)	941	(19)
<b>Liability for benefits</b>	<b>\$ 14,389</b>	<b>\$ 12,226</b>

Included in expenses is \$2 (2011 - nil) for amortization of the actuarial loss.

The unamortized actuarial loss on future payments is amortized over the expected period of the liability which is 10 years for post employment benefits and 11 years for post retirement benefits.

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

	2012	2011
Discount rate	3.5% - 4.1%	3.9% - 4.5%
Expected future inflationary increases	2.6% - 5.2%	2.6% - 5.2%
Weighted average health care trend - end of year	7.24% in 2012 grading to 4.5% in and after 2029	7.42% in 2011 grading to 4.5% in and after 2029
Dental and MSP trend - end of year	4.5%	4.5%

# BRITISH COLUMBIA TRANSIT

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## 9. Tangible capital assets:

Cost	Balance, March 31, 2011	Additions	Disposals	Balance, March 31, 2012
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Leasehold improvements	10,391	5,821	-	16,212
Buildings	37,361	7,029	-	44,390
Vehicles	356,212	12,987	1,713	367,486
Hydrogen vehicles	52,648	-	-	52,648
Hydrogen fuel station	9,810	-	-	9,810
Other equipment	25,447	8,825	-	34,272
Capital projects in progress	33,787	36,439	34,663	35,563
<b>Total</b>	<b>\$ 528,264</b>	<b>\$ 71,101</b>	<b>\$ 36,376</b>	<b>\$ 562,989</b>

Accumulated amortization	Balance, March 31, 2011	Disposals	Amortization expense	Balance, March 31, 2012
Leasehold improvements	\$ 2,652	\$ -	\$ 660	\$ 3,312
Buildings	16,409	-	1,318	17,727
Vehicles	153,975	1,692	30,923	183,206
Hydrogen vehicles	10,923	-	10,086	21,009
Hydrogen fuel station	2,446	-	1,962	4,408
Other equipment	17,860	-	2,163	20,023
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 204,265</b>	<b>\$ 1,692</b>	<b>\$ 47,112</b>	<b>\$ 249,685</b>

Net book value	March 31, 2011	March 31, 2012
Land	\$ 2,608	\$ 2,608
Leasehold improvements	7,739	12,900
Buildings	20,952	26,663
Vehicles	202,237	184,280
Hydrogen vehicles	41,725	31,639
Hydrogen fuel station	7,364	5,402
Other equipment	7,587	14,249
Capital projects in progress	33,787	35,563
<b>Total</b>	<b>\$ 323,999</b>	<b>\$ 313,304</b>

# BRITISH COLUMBIA TRANSIT

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Years ended March 31, 2012 and 2011

## 9. Tangible capital assets (continued):

Cost	Balance, April 1, 2010	Additions	Disposals	Balance, March 31, 2011
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Leasehold improvements	10,103	288	-	10,391
Buildings	36,707	654	-	37,361
Vehicles	355,763	14,138	13,689	356,212
Hydrogen vehicles	51,624	1,024	-	52,648
Hydrogen fuel station	10,807	-	997	9,810
Other equipment	23,030	2,417	-	25,447
Capital projects in progress	16,589	36,012	18,814	33,787
<b>Total</b>	<b>\$ 507,231</b>	<b>\$ 54,533</b>	<b>\$ 33,500</b>	<b>\$ 528,264</b>

Accumulated amortization	Balance, April 1, 2010	Disposals	Amortization expense	Balance, March 31, 2011
Leasehold improvements	\$ 2,087	\$ -	\$ 565	\$ 2,652
Buildings	14,942	-	1,467	16,409
Vehicles	137,726	13,141	29,390	153,975
Hydrogen vehicles	1,237	-	9,686	10,923
Hydrogen fuel station	180	180	2,446	2,446
Other equipment	14,876	-	2,984	17,860
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 171,048</b>	<b>\$ 13,321</b>	<b>\$ 46,538</b>	<b>\$ 204,265</b>

Net book value	April 1, 2010	March 31, 2011
Land	\$ 2,608	\$ 2,608
Leasehold improvements	8,016	7,739
Buildings	21,765	20,952
Vehicles	218,037	202,237
Hydrogen vehicles	50,387	41,725
Hydrogen fuel station	10,627	7,364
Other equipment	8,154	7,587
Capital projects in progress	16,589	33,787
<b>Total</b>	<b>\$ 336,183</b>	<b>\$ 323,999</b>

# BRITISH COLUMBIA TRANSIT

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## 9. Tangible capital assets (continued):

Assets under construction having a value of \$35,563 (2011 - \$33,787; 2010 - \$16,589) have not been amortized. Amortization of these assets will commence when the asset is available for service.

During the year, \$43 (2011 - \$623; 2010 - \$148) of equipment was recognized as a write-down when equipment was removed from service.

Interest capitalized for capital projects in 2012 was \$998 (2011 - \$482; 2010 - \$1,903).

## 10. Tangible capital assets under lease:

Capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets are made available to the South Coast British Columbia Transportation Authority ("SCBCTA") for their use pursuant to an Order in Council and operating lease and represent one of the Province's contributions toward public transportation in the Metro Vancouver service area.

The operating lease arrangements with SCBCTA are for one dollar per year under an initial 15-year term to 2014, with additional five-year renewal periods upon the agreement of BC Transit and the SCBCTA.

Cost	Balance, March 31, 2011	Additions	Disposals	Balance, March 31, 2012
SkyTrain	\$ 1,204,098	\$ -	\$ -	\$ 1,204,098
West Coast Express	128,848	-	-	128,848
<b>Total</b>	<b>\$ 1,332,946</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,332,946</b>

Accumulated amortization	Balance, March 31, 2011	Disposals	Amortization expense	Balance, March 31, 2012
SkyTrain	\$ 553,348	\$ -	\$ 28,360	\$ 581,708
West Coast Express	66,207	-	4,294	70,501
<b>Total</b>	<b>\$ 619,555</b>	<b>\$ -</b>	<b>\$ 32,654</b>	<b>\$ 652,209</b>

Net book value	March 31, 2011	March 31, 2012
SkyTrain	\$ 650,750	\$ 622,390
West Coast Express	62,641	58,347
<b>Total</b>	<b>\$ 713,391</b>	<b>\$ 680,737</b>

# BRITISH COLUMBIA TRANSIT

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Years ended March 31, 2012 and 2011

## 10. Tangible capital assets under lease (continued):

Cost	Balance, April 1, 2010	Additions	Disposals	Balance, March 31, 2011
SkyTrain	\$ 1,204,098	\$ -	\$ -	\$ 1,204,098
West Coast Express	128,848	-	-	128,848
<b>Total</b>	<b>\$ 1,332,946</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,332,946</b>

Accumulated amortization	Balance, April 1, 2010	Disposals	Amortization expense	Balance, March 31, 2011
SkyTrain	\$ 524,988	\$ -	\$ 28,360	\$ 553,348
West Coast Express	61,913	-	4,294	66,207
<b>Total</b>	<b>\$ 586,901</b>	<b>\$ -</b>	<b>\$ 32,654</b>	<b>\$ 619,555</b>

Net book value	April 1, 2010	March 31, 2011
SkyTrain	\$ 679,110	\$ 650,750
West Coast Express	66,935	62,641
<b>Total</b>	<b>\$ 746,045</b>	<b>\$ 713,391</b>

## 11. 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 accumulated surplus and transactions during the year are as follows:

	2012	2011
Accumulated surplus, beginning of year	\$ 2,386	\$ 1,664
Revenue:		
Fuel tax	11,853	11,423
Property tax	24,668	19,180
Interest earned	126	41
Government transfers	(34,272)	(29,922)
<b>Accumulated surplus, end of year</b>	<b>\$ 4,761</b>	<b>\$ 2,386</b>

# BRITISH COLUMBIA TRANSIT

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## 12. Commitments:

BC Transit has outstanding commitments as summarized below:

	2013	2014	2015	2016	2017
Operating leases	\$ 1,070	\$ 1,070	\$ 1,028	\$ 1,030	\$ 815
Facilities	8,739	1,206	-	-	-
Vehicle purchases	10,479	-	-	-	-
Hydrogen fuel commitments	1,595	1,595	-	-	-
Fixed price fuel commitments	8,925	-	-	-	-
	<u>\$ 30,808</u>	<u>\$ 3,871</u>	<u>\$ 1,028</u>	<u>\$ 1,030</u>	<u>\$ 815</u>

## 13. 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, 2012 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.

## 14. Government transfers:

BC Transit recognizes the transfer of funding as revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the statement of operations are:

	2012	2011
<b>Revenue:</b>		
Provincial grants:		
Operating	\$ 88,071	\$ 83,633
Supplementary operating	(6)	338
	<u>88,065</u>	<u>83,971</u>
Capital	<u>15,552</u>	<u>18,254</u>
	<u>103,617</u>	<u>102,225</u>
Federal grants:		
Capital	4,494	840
Municipal grants:		
Transfers under cost share agreements	75,483	66,793
Capital	-	2,250
	<u>79,977</u>	<u>69,043</u>
<b>Total revenues</b>	<u>\$ 183,594</u>	<u>\$ 172,108</u>

# BRITISH COLUMBIA TRANSIT

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## 15. Classification of expense by object:

	2012	2011
Contracted salaries, wages and benefits	68,393	66,398
Salaries, wages and benefits	63,560	60,766
Amortization of capital assets	47,112	46,538
Fuel	29,960	25,287
Fleet Maintenance	20,814	18,921
Interest	10,902	8,850
Insurance	3,902	3,919
Leases and taxes	3,461	3,382
Major projects and initiatives	2,641	6,934
Municipal expenses	1,929	1,884
Marketing and communications	1,914	1,754
Taxi programs	1,848	1,807
Facility maintenance	1,450	1,364
Information systems	1,662	1,773
Corporate expenses	1,163	1,220
Professional fees	725	951
Travel and meetings	720	733
<b>Total operating expenses</b>	<b>\$ 262,156</b>	<b>\$ 252,481</b>

## 16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets in the approved BC Transit 2011/12 – 2013/14 Service Plan. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Total funding	\$ 472,660
Capital budget	(162,350)
Operating budget	310,310
Total expenditures	472,660
Less:	
Capital expenses	(162,350)
Total operating expenses	310,310
Annual surplus	\$ -

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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Years ended March 31, 2012 and 2011

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## 17. Financial instruments:

### (a) Fair value:

The carrying value of cash and cash equivalents, 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. The fair value of long-term debt at March 31, 2012 is \$240,665 (2011 - \$206,403; 2010 - \$179,145).

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 and is 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 a physical fixed price agreement 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. Management entered into a fixed price physical supply contract during the year fixing certain fuel purchases during fiscal 2013 as described in note 12.

#### *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate from changes in market interest rates. BC Transit is exposed to interest rate risk to the extent of 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.



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## 17. Financial instruments (continued):

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

#### *Foreign exchange risk:*

BC Transit is exposed to currency risk on purchases and loans denominated in the U.S dollar. BC Transit periodically makes commitments to acquire certain capital assets, primarily transit vehicles, 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 outstanding as at March 31, 2012.

#### *Sensitivity analysis:*

The following table is a sensitivity analysis indicating the impact on net revenue (expenditures) 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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1% change		
Interest rate risk	\$	162
Foreign exchange risk		468

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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 7. Other commitments with future minimum payments are disclosed in note 12.

#### *Credit risk:*

It is management's opinion that BC Transit is not exposed to any significant credit risk.

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## 17. Financial instruments (continued):

### (c) Capital disclosures:

BC Transit defines capital as accumulated surplus plus deferred capital contributions. BC Transit receives the majority of these operating and 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.

## 18. 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.

## 19. 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 government transfers for 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:

April 1, 2010 – increase in accumulated surplus by \$908,395, a decrease in deferred capital contributions by \$900,095 and a decrease in deferred contributions by \$8,300.

Year ended March 31, 2011 – decrease in annual surplus by \$41,181.

March 31, 2011 – increase in accumulated surplus by \$867,214, a decrease in deferred capital contributions by \$860,046 and a decrease in deferred contributions by \$7,168.

Year ended March 31, 2012 – decrease in annual surplus by \$38,306.

March 31, 2012 – increase in accumulated surplus by \$828,908, a decrease in deferred capital contributions by \$821,561 and a decrease in deferred contributions by \$7,347.

# **BRITISH COLUMBIA TRANSIT**

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## **20. Comparative figures:**

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