

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2005

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

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DECEMBER 31, 2005

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AUDIT REPORT

TO THE DIRECTORS

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

We have audited the statement of financial position of the Skeena-Queen Charlotte Regional District as at December 31, 2005 and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Regional District's management and directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2005 and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles for Regional Districts in the Province of British Columbia, and that these principles have been applied on a basis consistent with that of the preceding year.

Prince Rupert, BC
March 10, 2006

Carlyle Shepherd - Co.

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	DECEMBER 31	STATEMENT A
	2005	2004
	\$	\$
FINANCIAL ASSETS		
Cash and investments	568 951	1 632 513
Trade and other receivables	530 719	505 095
MFA deposit	416 171	384 205
Due from Municipalities	11 193 582	4 599 883
	<u>12 709 423</u>	<u>7 121 696</u>
LIABILITIES		
Accounts payable and accruals	590 990	423 267
MFA debt reserve	416 171	384 205
Debentures issued for Regional District	648 202	578 609
Debentures issued for Municipalities	11 193 582	4 599 883
	<u>12 748 945</u>	<u>5 985 964</u>
NET FINANCIAL ASSETS/LIABILITIES	-39 522	1 135 732
PHYSICAL ASSETS (Schedule 3)	<u>3 978 007</u>	<u>8 851 597</u>
NET POSITION	<u>3 938 485</u>	<u>9 987 329</u>
REGIONAL DISTRICT POSITION		
EQUITY IN PHYSICAL ASSETS (Schedule 4)	<u>3 453 634</u>	<u>8 297 974</u>
SURPLUS		
Operating Funds (Schedules 1 and 2)	219 940	605 788
Reserve Funds (Schedule 5)	264 911	1 083 567
	<u>484 851</u>	<u>1 689 355</u>
	<u>3 938 485</u>	<u>9 987 329</u>

APPROVED BY THE BOARD

_____ Chairperson

_____ Treasurer

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	YEAR ENDED DECEMBER 31	STATEMENT B	
	Actual 2005	Budget 2005	Actual 2004
	\$	\$	\$
REVENUE			
Taxation	1 061 652	1 061 652	1 141 054
Grants in lieu	67 808	81 041	72 434
Sales, fees and other	1 392 749	1 389 120	1 663 708
Provincial and Federal grants	2 167 098	696 666	110 340
Municipal debt payments	<u>1 057 911</u>	<u>1 361 970</u>	<u>1 258 470</u>
	<u>5 747 218</u>	<u>4 590 449</u>	<u>4 246 066</u>
EXPENDITURES			
Administration	526 832	556 576	774 462
Electoral Areas	137 083	118 674	16 826
Municipal Debt Service	1 057 911	1 361 970	1 258 470
Planning	98 492	117 861	89 125
Regional Industrial Development	14 731	34 950	25 600
Regional Waste Management	15 000	15 000	25 000
Helipad Construction	-	843	-
Mainland Recreation	6 600	7 745	100
Prince Rupert Regional Archives	64 805	64 805	56 582
North Pacific Cannery	95 500	95 500	84 716
Regional Recycling	443 152	475 169	443 126
Islands Waste Management	706 196	623 235	534 088
QCI Recreation Commission	63 347	80 316	79 907
Haida Gwaii / QCI Museum	60 000	60 000	60 000
Vancouver Island Regional Library	68 454	68 454	66 122
Dodge Cove Water Utility	-	-	200
Oona River Local Telephone Service	2 804	2 804	2 804
Sandspit Fire Protection	18 500	18 500	22 836
QCC Fire Department	38 600	38 600	28 600
QCC Water Utility	607 837	1 070 999	326 812
QCC Sewer Utility	284 231	294 355	117 169
QCC Street Lighting	8 076	7 200	5 021
QCCSL Recreation Service	11 500	11 500	11 500
Sandspit Water Utility	1 829 571	-	-
Transfer to Village of Queen Charlotte	<u>792 500</u>	<u>-</u>	<u>-</u>
	<u>6 951 722</u>	<u>5 125 056</u>	<u>4 029 066</u>
NET REVENUE (DEFICIT)	-1 204 504	-534 607	216 940
OPENING SURPLUS	<u>1 689 355</u>	<u>1 689 355</u>	<u>1 472 415</u>
CLOSING SURPLUS	<u>484 851</u>	<u>1 154 748</u>	<u>1 689 355</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

CONSOLIDATED STATEMENT OF CASH FLOWS

	STATEMENT C	
	2005	2004
YEAR ENDED DECEMBER 31	\$	\$
OPERATIONS		
Net revenue (deficit)	-1 204 504	216 940
Trade and other receivables	-26 781	12 721
Accounts payable and accruals	<u>167 723</u>	<u>-241 930</u>
	<u>-1 063 562</u>	<u>-12 269</u>
 CHANGE IN CASH	 -1 063 562	 -12 269
 OPENING CASH AND INVESTMENTS	 <u>1 632 513</u>	 <u>1 644 782</u>
 CLOSING CASH AND INVESTMENTS	 <u>568 951</u>	 <u>1 632 513</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICY

The Regional District has adopted the reporting format from the recommendations by the Public Sector Accounting and Auditing Board.

2. LONG-TERM DEBT

Debenture debt is with the Municipal Finance Authority and is being repaid in accordance with approved bylaws.

3. MUNICIPAL DEBENTURE DEBT

When a member municipality within the Regional District wishes to issue debenture debt through the Municipal Finance Authority of BC, the borrowing is done through the Regional District. The Regional District is therefore responsible for repayment of the debt to the Authority. When payments (principal and interest) are made on this debt, the Regional District pays the Authority and is reimbursed by the municipality.

The Regional District reports the outstanding debt borrowed on behalf of the member municipalities as both a financial asset and financial liability. Municipal debt payments are shown as a revenue and offsetting expenditure.

4. LEASE COMMITMENTS

Fax/copier	\$ 4 739/annum, expiry May 2007
Cube van	\$ 7 054/annum, expiry March 2010
GMC one-ton	\$ 3 900/annum, expiry January 2006
Glass crusher	\$ 5 480/annum, expiry September 2007
Forklift	\$ 4 775/annum, expiry February 2008
Premises	\$43 800/annum, expiry August 2007
Haulage truck	\$22 506/annum, expiry October 2010

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2005

5. PENSION INFORMATION

The Regional District and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory pension plan. Basic Pension benefits provided are defined. The plan has about 130 000 active members and approximately 48 000 retired members. Active members include approximately 30 000 contributors from local governments.

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 December 31, 2003 indicated an unfounded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfounded liability to individual employers. The Skeena Queen Charlotte Regional District paid \$38 222 for employer contributions to the plan in fiscal 2005.

6. CONSOLIDATED EXPENDITURES BY TYPE

	2005	2004
Director remuneration	\$ 109 467	\$ 113 530
Director travel	50 591	51 144
Staff remuneration and benefits	806 742	814 725
Staff travel and education	23 774	23 849
Interest	65 967	73 520
Debt payments	20 338	20 338
Physical asset expenditures	2 323 161	82 811
Purchased services, grants and supplies	1 701 271	1 590 679
Municipal debt payments	1 057 911	1 258 470
Transfer to Village of Queen Charlotte	792 500	-
	<u>\$ 6 951 722</u>	<u>\$ 4 029 066</u>

7. LINE OF CREDIT

Canadian Imperial Bank of Commerce, authorized to \$950 000, interest at prime; Unsecured.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

OPERATING FUND STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31

SCHEDULE 1

	Actual 2005	Budget 2005	Actual 2004
	\$	\$	\$
REVENUE			
Taxation	1 061 652	1 061 652	1 141 054
Grants in lieu	67 808	81 041	72 434
Sales, fees and other	1 366 533	1 389 120	1 640 747
Provincial and Federal grants	2 167 098	696 666	110 340
Municipal debt payments	1 057 911	1 361 970	1 258 470
	<u>5 721 002</u>	<u>4 590 449</u>	<u>4 223 045</u>
EXPENDITURES			
Administration	526 832	556 576	774 462
Electoral Areas	137 083	118 674	16 826
Municipal Debt Service	1 057 911	1 361 970	1 258 470
Planning	98 492	117 861	89 125
Regional Industrial Development	14 731	34 950	25 600
Regional Waste Management	15 000	15 000	25 000
Helipad Construction	-	843	-
Mainland Recreation	6 600	7 745	100
Prince Rupert Regional Archives	64 805	64 805	56 582
North Pacific Cannery	95 500	95 500	84 716
Regional Recycling	443 152	475 169	443 126
Island Waste Management	706 196	623 235	534 088
QCI Recreation Commission	63 347	80 316	79 907
Haida Gwaii / QCI Museum	60 000	60 000	60 000
Vancouver Island Regional Library	68 454	68 454	66 122
Dodge Cove Water Utility	-	-	200
Oona River Local Telephone Service	2 804	2 804	2 804
Sandspit Fire Protection	18 500	18 500	22 836
QCC Fire Department	38 600	38 600	28 600
QCC Water Utility	607 837	1 070 999	326 812
QCC Sewer Utility	284 231	294 355	117 169
QCC Street Lighting	8 076	7 200	5 021
QCCSL Recreation Service	11 500	11 500	11 500
Sandspit Water Utility	1 829 571	-	-
	<u>6 159 222</u>	<u>5 125 056</u>	<u>4 029 066</u>
NET REVENUE (DEFICIT)	-438 220	-534 607	193 979
NET TRANSFER TO/FROM RESERVE FUNDS	52 372	-	-
OPENING SURPLUS	605 788	534 607	411 809
CLOSING SURPLUS	<u>219 940</u>	<u>-</u>	<u>605 788</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF SURPLUS

YEAR ENDED DECEMBER 31

SCHEDULE 2

	2005	2004
	\$	\$
Administration	114 437	138 876
Electoral Areas	-18 408	-1 325
Planning	20 509	14 952
Regional Industrial Development	22 410	5 062
Regional Waste Management	8 078	-2 990
Helipad Construction	843	843
Mainland Recreation	1 145	7 745
Prince Rupert Regional Archives	-	-648
North Pacific Cannery	-	-748
Regional Recycling	68 101	52 669
Islands Waste Management	-6 945	28 471
QCI Recreation Commission	9 970	-304
Haida Gwaii / QCI Museum	-	1
Vancouver Island Regional Library	-	-201
Dodge Cove Water Utility	-200	-200
QCC Water Utility	-	244 623
QCC Sewer Utility	-	116 455
QCC Street Lighting	-	2 507
	<u>219 940</u>	<u>605 788</u>

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
STATEMENT OF CONTINUITY OF PHYSICAL ASSETS**

YEAR ENDED DECEMBER 31

SCHEDULE 3

	2005	2004
	\$	\$
OPENING BALANCE	8 851 597	8 768 786
PURCHASES DURING THE YEAR	2 186 618	82 811
DISPOSALS DURING THE YEAR	<u>-7 060 208</u>	<u>-</u>
CLOSING BALANCE	<u>3 978 007</u>	<u>8 851 597</u>

REPRESENTED BY:

General	2 148 435	2 096 064
QCC Water Utility	-	3 513 074
QCC Sewer Utility	-	3 242 459
Sandspit Water Utility	<u>1 829 572</u>	<u>-</u>
	<u>3 978 007</u>	<u>8 851 597</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
STATEMENT OF CHANGES IN EQUITY IN PHYSICAL ASSETS

YEAR ENDED DECEMBER 31

SCHEDULE 4

	2005	2004
	\$	\$
OPENING BALANCE	<u>8 297 974</u>	<u>8 187 308</u>
INCREASE IN EQUITY		
Debt repayment	19 430	19 430
Actuarial additions	9 820	8 425
Physical asset additions	<u>2 186 618</u>	<u>-</u>
	<u>2 215 868</u>	<u>110 666</u>
DECREASE IN EQUITY		
Transfer to Village of Queen Charlotte	<u>7 060 208</u>	<u>-</u>
CLOSING BALANCE	<u>3 453 634</u>	<u>8 297 974</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF CHANGES IN RESERVE FUNDS

YEAR ENDED DECEMBER 31

SCHEDULE 5

	2005	2004
	\$	\$
OPENING BALANCE	1 083 567	1 060 606
Interest	26 216	22 961
Fund transfer	-52 372	-
Transfer to Village of Queen Charlotte	<u>-792 500</u>	<u>-</u>
CLOSING BALANCE	<u>264 911</u>	<u>1 083 567</u>

REPRESENTED BY:

Waste Management	154 658	201 998
Water Utility	110 253	464 795
Sewer Utility	<u>-</u>	<u>416 774</u>
	<u>264 911</u>	<u>1 083 567</u>