

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2006

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

AUDIT REPORT

CONSOLIDATED STATEMENTS

- A STATEMENT OF FINANCIAL POSITION**
- B STATEMENT OF FINANCIAL ACTIVITIES**
- C STATEMENT OF CASH FLOWS**

NOTES

SCHEDULES

- 1 OPERATING FUND STATEMENT OF ACTIVITIES**
- 2 STATEMENT OF SURPLUS**
- 3 STATEMENT OF CONTINUITY OF PHYSICAL ASSETS**
- 4 STATEMENT OF CHANGES IN EQUITY IN PHYSICAL ASSETS**
- 5 STATEMENT OF CHANGES IN RESERVE FUNDS**

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, 2006 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, 2006 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
February 27, 2007

Carlyle Shepherd : Co.

CARLYLE SHEPHERD & CO.
CHARTERED ACCOUNTANTS



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

	DECEMBER 31	STATEMENT A
	2006	2005
	\$	\$
FINANCIAL ASSETS		
Cash and investments (note 1)	711 661	568 951
Trade and other receivables	357 715	530 719
MFA deposit	465 546	416 171
Due from Municipalities	<u>15 292 552</u>	<u>11 193 582</u>
	<u>16 827 474</u>	<u>12 709 423</u>
LIABILITIES		
Accounts payable and accruals	673 108	590 990
MFA debt reserve	465 546	416 171
Debentures issued for Regional District	516 274	548 202
Debentures issued for Municipalities	<u>15 292 552</u>	<u>11 193 582</u>
	<u>16 947 480</u>	<u>12 748 945</u>
NET FINANCIAL ASSETS/LIABILITIES	-120 006	-39 522
PHYSICAL ASSETS (Schedule 3)	<u>3 978 007</u>	<u>3 978 007</u>
NET POSITION	<u>3 858 001</u>	<u>3 938 485</u>
REGIONAL DISTRICT POSITION		
EQUITY IN PHYSICAL ASSETS (Schedule 4)	<u>3 484 346</u>	<u>3 453 634</u>
SURPLUS		
Operating Funds (Schedules 1 and 2)	72 919	219 940
Reserve Funds (Schedule 5)	<u>300 736</u>	<u>264 911</u>
	<u>373 655</u>	<u>484 851</u>
	<u>3 858 001</u>	<u>3 938 485</u>

APPROVED BY THE BOARD

 Chairperson

 Treasurer  INTERIM ADMINISTRATOR

CARLYLE SHEPHERD & CO.
CHARTERED ACCOUNTANTS



SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	YEAR ENDED DECEMBER 31	STATEMENT B	
	Budget 2006	Actual 2006	Actual 2005
	\$	\$	\$
REVENUE			
Taxation	907 821	921 771	1 061 652
Grants in lieu	31 034	38 873	67 808
Sales, fees and other	1 094 679	1 084 825	1 392 749
Provincial and Federal grants	140 000	130 000	2 167 098
Municipal debt payments	1 693 600	1 366 051	1 057 911
	<u>3 867 134</u>	<u>3 541 520</u>	<u>5 747 218</u>
EXPENDITURES			
Administration	580 000	526 990	526 832
Electoral Areas	121 591	125 945	137 083
Municipal Debt Service	1 693 600	1 366 051	1 057 911
Planning	90 650	91 898	98 492
Regional Industrial Development	34 950	24 535	14 731
Regional Waste Management	20 000	20 000	15 000
Helipad Construction	843	-	-
Mainland Recreation	16 145	10 100	6 600
Prince Rupert Regional Archives	82 838	82 838	64 805
North Pacific Cannery	95 500	82 500	95 500
Regional Recycling	495 403	457 834	443 152
Islands Waste Management	609 133	621 668	706 196
QCI Recreation Commission	80 500	76 194	63 347
Haida Gwaii / QCI Museum	60 000	60 000	60 000
Vancouver Island Regional Library	37 312	37 312	68 454
Oona River Local Telephone Service	2 804	2 804	2 804
Sandspit Fire Protection	22 100	22 100	18 500
QCC Fire Department	-	-	38 600
QCC Water Utility	-	-	607 837
QCC Sewer Utility	-	-	284 231
QCC Street Lighting	-	-	8 076
QCCSL Recreation Service	-	-	11 500
Sandspit Water Utility	40 000	43 947	1 829 571
Transfer to Village of Queen Charlotte	-	-	792 500
	<u>4 083 369</u>	<u>3 652 716</u>	<u>6 951 722</u>
NET REVENUE (DEFICIT)	-216 235	-111 196	-1 204 504
OPENING SURPLUS	<u>484 851</u>	<u>484 851</u>	<u>1 689 355</u>
CLOSING SURPLUS	<u>268 616</u>	<u>373 655</u>	<u>484 851</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31	STATEMENT C
	2006	2005
	\$	\$
OPERATIONS		
Net revenue (deficit)	-111 196	-1 204 504
Trade and other receivables	171 788	-26 781
Accounts payable and accruals	82 118	167 723
	<u>142 710</u>	<u>-1 063 562</u>
CHANGE IN CASH	142 710	-1 063 562
OPENING CASH AND INVESTMENTS	<u>568 951</u>	<u>1 632 513</u>
CLOSING CASH AND INVESTMENTS	<u>711 661</u>	<u>568 951</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue and expenditures are reported on an accrual basis.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Cash and investments are reported at market value which approximates cost.

The Regional District's financial instruments consist of cash and investments, trade and other receivables, accounts payable and accruals and debentures. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2006

4. LEASE COMMITMENTS

Lease commitments for the next four years are as follows:

2007	\$ 69 564
2008	30 364
2009	29 568
2010	<u>24 640</u>
	<u>\$ 154 136</u>

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 140 000 active members and approximately 51 000 retired members. Active members include approximately 31 000 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.

6. FEDERAL GAS TAX AGREEMENT FUNDS

The Regional District has received \$159 167 in Federal Gas Tax revenues and transferred \$11 996 to the Village of Queen Charlotte. The funds can only be spent on specific projects. The net amount of \$147 171 is included in accounts payable and accruals.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2006

7. CONSOLIDATED EXPENDITURES BY TYPE

	2006	2005
Director remuneration	\$ 106 173	\$ 109 467
Director travel	75 657	50 591
Staff remuneration and benefits	681 526	806 742
Staff travel and education	30 053	23 774
Interest	45 481	65 967
Debt payments	20 338	20 338
Physical asset expenditures	-	2 323 161
Purchased services, grants and supplies	1 327 437	1 701 271
Municipal debt payments	1 366 051	1 057 911
Transfer to Village of Queen Charlotte	-	792 500
	<u>\$ 3 652 716</u>	<u>\$ 6 951 722</u>

8. LINE OF CREDIT

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

9. SUBSEQUENT EVENT

Subsequent to the year-end, the Regional District terminated the employment of the Chief Administrative Officer. As part of the settlement, the Regional District will be paying severance of \$123 924 plus benefits to September 20, 2008.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

OPERATING FUND STATEMENT OF ACTIVITIES

	YEAR ENDED DECEMBER 31	SCHEDULE 1	
	Budget 2006	Actual 2006	Actual 2005
	\$	\$	\$
REVENUE			
Taxation	907 821	921 771	1 061 652
Grants in lieu	31 034	38 873	67 808
Sales, fees and other	1 094 679	1 074 584	1 366 533
Provincial and Federal grants	140 000	130 000	2 167 098
Municipal debt payments	1 693 600	1 366 051	1 057 911
	<u>3 867 134</u>	<u>3 531 279</u>	<u>5 721 002</u>
EXPENDITURES			
Administration	580 000	526 990	526 832
Electoral Areas	121 591	125 945	137 083
Municipal Debt Service	1 693 600	1 366 051	1 057 911
Planning	90 650	91 898	98 492
Regional Industrial Development	34 950	24 535	14 731
Regional Waste Management	20 000	20 000	15 000
Helipad Construction	843	-	-
Mainland Recreation	16 145	10 100	6 600
Prince Rupert Regional Archives	82 838	82 838	64 805
North Pacific Cannery	95 500	82 500	95 500
Regional Recycling	495 403	457 834	443 152
Island Waste Management	609 133	621 668	706 196
QCI Recreation Commission	80 500	76 194	63 347
Haida Gwaii / QCI Museum	60 000	60 000	60 000
Vancouver Island Regional Library	37 312	37 312	68 454
Oona River Local Telephone Service	2 804	2 804	2 804
Sandspit Fire Protection	22 100	22 100	18 500
QCC Fire Department	-	-	38 600
QCC Water Utility	-	-	607 837
QCC Sewer Utility	-	-	284 231
QCC Street Lighting	-	-	8 076
QCCSL Recreation Service	-	-	11 500
Sandspit Water Utility	40 000	43 947	1 829 571
	<u>4 083 369</u>	<u>3 652 716</u>	<u>6 159 222</u>
NET REVENUE (DEFICIT)	-216 235	-121 437	-438 220
NET TRANSFER TO/FROM RESERVE FUNDS	-	-25 584	52 372
OPENING SURPLUS	216 235	219 940	605 788
CLOSING SURPLUS	<u>-</u>	<u>72 919</u>	<u>219 940</u>

CARLYLE SHEPHERD & CO.
CHARTERED ACCOUNTANTS



SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF SURPLUS

YEAR ENDED DECEMBER 31

SCHEDULE 2

	2006	2005
	\$	\$
Administration	67 632 x	114 437
Electoral Areas	-4 354 ✓	-18 408
Planning	408 ✓	20 509
Regional Industrial Development	24 366 ✓	22 410
Regional Waste Management	8 078 x	8 078
Helipad Construction	843 ✓	843
Mainland Recreation	7 206 ✓	1 145
Prince Rupert Regional Archives	-15 096 x	-
North Pacific Cannery	1 756 x	-
Regional Recycling	46 219 ✓	68 101
Islands Waste Management	-63 081 ✓	-6 945
QCI Recreation Commission	786 ✓	9 970
Haida Gwaii / QCI Museum	-2 705 ✓	-
Dodge Cove Water Utility	-200 ✓	-200
Sandspit Fire Protection	1 061 ✓	-
	<u>72 919</u>	<u>219 940</u>

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

	YEAR ENDED DECEMBER 31	SCHEDULE 3
	2006	2005
	\$	\$
OPENING BALANCE	3 978 007	8 851 597
PURCHASES DURING THE YEAR	-	2 186 618
DISPOSALS DURING THE YEAR	<u>-</u>	<u>-7 060 208</u>
CLOSING BALANCE	<u>3 978 007</u>	<u>3 978 007</u>

REPRESENTED BY:

General	2 148 435	2 148 435
Sandspit Water Utility	<u>1 829 572</u>	<u>1 829 572</u>
	<u>3 978 007</u>	<u>3 978 007</u>

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

	YEAR ENDED DECEMBER 31	SCHEDULE 4
	2006	2005
	\$	\$
OPENING BALANCE	<u>3 453 634</u>	<u>8 297 974</u>
INCREASE IN EQUITY		
Debt repayment	19 430	19 430
Actuarial additions	11 282	9 820
Physical asset additions	<u>-</u>	<u>2 186 618</u>
	<u>30 712</u>	<u>2 215 868</u>
DECREASE IN EQUITY		
Transfer to Village of Queen Charlotte	<u>-</u>	<u>7 060 208</u>
CLOSING BALANCE	<u>3 484 346</u>	<u>3 453 634</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF CHANGES IN RESERVE FUNDS

	YEAR ENDED DECEMBER 31	SCHEDULE 5
	2006	2005
	\$	\$
OPENING BALANCE	264 911	1 083 567
Interest	10 241	26 216
Fund transfer	25 584	-52 372
Transfer to Village of Queen Charlotte	<u>-</u>	<u>-792 500</u>
 CLOSING BALANCE	 <u>300 736</u>	 <u>264 911</u>

REPRESENTED BY:

Waste Management	160 709	154 658
Water Utility	114 443	110 253
Sandspit Water Utility	<u>25 584</u>	<u>-</u>
	 <u>300 736</u>	 <u>264 911</u>