

**SKEENA-QUEEN CHARLOTTE  
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2007**

**SKEENA-QUEEN CHARLOTTE  
REGIONAL DISTRICT**

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**DECEMBER 31, 2007**

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**AUDIT REPORT**

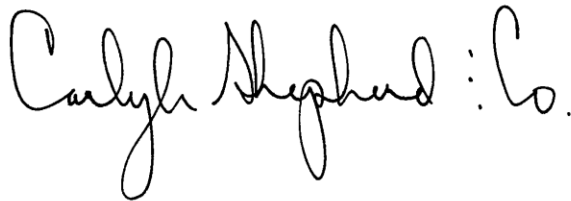
**TO THE DIRECTORS  
SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

We have audited the statement of financial position of the Skeena-Queen Charlotte Regional District as at December 31, 2007 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, 2007 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.

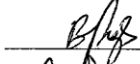
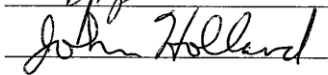
Prince Rupert, BC  
March 4, 2008



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

	DECEMBER 31	STATEMENT A	
		2007	2006
		\$	\$
<b>FINANCIAL ASSETS</b>			
Cash and investments (note 1)		832 404	711 661
Trade and other receivables		282 826	357 715
MFA deposit		268 272	465 546
Due from Municipalities		<u>14 070 629</u>	<u>15 292 552</u>
		<u>15 454 131</u>	<u>16 827 474</u>
<b>LIABILITIES</b>			
Accounts payable and accruals (note 4)		918 154	673 108
MFA debt reserve		268 272	465 546
Debentures issued for Regional District		482 750	516 274
Debentures issued for Municipalities		<u>14 070 629</u>	<u>15 292 552</u>
		<u>15 739 805</u>	<u>16 947 480</u>
<b>NET FINANCIAL ASSETS/LIABILITIES</b>		-285 674	-120 006
<b>PHYSICAL ASSETS (Schedule 3)</b>		<u>3 954 607</u>	<u>3 978 007</u>
<b>NET POSITION</b>		<u>3 668 933</u>	<u>3 858 001</u>
<b>REGIONAL DISTRICT POSITION</b>			
<b>EQUITY IN PHYSICAL ASSETS (Schedule 4)</b>		<u>3 493 193</u>	<u>3 484 346</u>
<b>SURPLUS (DEFICIT)</b>			
Operating Funds (Schedules 1 and 2)		-138 466	72 919
Reserve Funds (Schedule 5)		<u>314 206</u>	<u>300 736</u>
		<u>175 740</u>	<u>373 655</u>
		<u>3 668 933</u>	<u>3 858 001</u>

APPROVED BY THE BOARD

  
 \_\_\_\_\_ Chairperson  
  
 \_\_\_\_\_ Treasurer

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

	YEAR ENDED DECEMBER 31		STATEMENT B
	Budget 2007	Actual 2007	Actual 2006
	\$	\$	\$
<b>REVENUE</b>			
Taxation	1 001 494	1 001 494	921 771
Grants in lieu	38 700	65 883	38 873
Sales, fees and other	1 022 670	1 206 174	1 084 825
Provincial and Federal grants	130 000	186 043	130 000
Municipal debt payments	<u>1 366 051</u>	<u>1 700 916</u>	<u>1 366 051</u>
	<u>3 558 915</u>	<u>4 160 510</u>	<u>3 541 520</u>
<b>EXPENDITURES</b>			
Administration	831 757	661 314	526 990
Electoral Areas	128 646	86 087	125 945
Municipal Debt Service	1 366 051	1 700 916	1 366 051
Planning	88 146	106 271	91 898
Regional Industrial Development	24 366	16 467	24 535
Regional Waste Management	20 000	93	20 000
Helipad Construction	843	-	-
Mainland Recreation	16 045	10 000	10 100
Prince Rupert Regional Archives	74 860	74 760	82 838
North Pacific Cannery	93 000	92 500	82 500
Regional Recycling	451 068	478 857	457 834
Islands Waste Management	576 031	889 345	621 668
QCI Recreation Commission	77 039	83 083	76 194
Haida Gwaii / QCI Museum	48 400	53 767	60 000
Vancouver Island Regional Library	31 189	31 089	37 312
Oona River Local Telephone Service	2 804	2 704	2 804
Sandspit Fire Protection	22 100	22 000	22 100
Sandspit Water Utility	<u>39 900</u>	<u>49 172</u>	<u>43 947</u>
	<u>3 892 245</u>	<u>4 358 425</u>	<u>3 652 716</u>
<b>NET REVENUE (DEFICIT)</b>	-333 330	-197 915	-111 196
<b>OPENING SURPLUS</b>	<u>373 655</u>	<u>373 655</u>	<u>484 851</u>
<b>CLOSING SURPLUS</b>	<u>40 325</u>	<u>175 740</u>	<u>373 655</u>

**CARLYLE SHEPHERD & CO.**  
CHARTERED ACCOUNTANTS



**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	STATEMENT C	
	2007	2006
	\$	\$
<b>OPERATIONS</b>		
Net revenue (deficit)	-197 915	-111 196
Trade and other receivables	-117 714	171 788
Accounts payable and accruals	<u>436 373</u>	<u>82 118</u>
	<u>120 744</u>	<u>142 710</u>
<b>CHANGE IN CASH</b>	120 744	142 710
<b>OPENING CASH AND INVESTMENTS</b>	<u>711 660</u>	<u>568 951</u>
<b>CLOSING CASH AND INVESTMENTS</b>	<u>832 404</u>	<u>711 661</u>

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**NOTES**

**DECEMBER 31, 2007**

**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, 2007

4. ACCOUNTS PAYABLE AND ACCRUALS

Landfill closure costs	\$ 374 690
Federal gas tax agreement funds	251 234
Trade and other	<u>292 230</u>
	<u>\$ 918 154</u>

5. FEDERAL GAS TAX AGREEMENT FUNDS

Opening balance	\$ 147 171
Amount received in the year	96 774
Interest earned	<u>7 289</u>
	<u>\$ 251 234</u>

The funds can only be spent on specific projects. The funds are included in accounts payable and accruals.

6. CONSOLIDATED EXPENDITURES BY TYPE

	2007	2006
Director remuneration	\$ 117 116	\$ 106 173
Director travel	56 113	75 657
Staff remuneration and benefits	805 421	681 526
Staff travel and education	35 691	30 053
Interest	33 517	45 481
Debt payments	20 338	20 338
Purchased services, grants and supplies	1 589 313	1 327 437
Municipal debt payments	<u>1 700 916</u>	<u>1 366 051</u>
	<u>\$ 4 358 425</u>	<u>\$ 3 652 716</u>

7. LINE OF CREDIT

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



**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**NOTES**

**DECEMBER 31, 2007**

**8. LEASE COMMITMENTS**

Lease commitments for the next three years are as follows:

2008	\$ 39 011
2009	29 568
2010	<u>20 524</u>
	<u>\$ 89 103</u>

**9. PENSION INFORMATION**

The municipality and its employees contribute to the Municipal 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 pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 144 000 active members and approximately 51 000 retired members. Active members include approximately 35 000 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, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers.

**10. SURPLUS RESTATEMENT**

The prior year surplus have been restated as follows:

Administration	decrease	\$ 8 275
Regional Waste Management	decrease	5 087
Prince Rupert Regional Archives	increase	8 078
North Pacific Cannery	increase	5 284

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**OPERATING FUND STATEMENT OF ACTIVITIES**

	<b>YEAR ENDED DECEMBER 31</b>		<b>SCHEDULE 1</b>
	<b>Budget 2007</b>	<b>Actual 2007</b>	<b>Actual 2006</b>
	\$	\$	\$
<b>REVENUE</b>			
Taxation	1 001 494	1 001 494	921 771
Grants in lieu	38 700	65 883	38 873
Sales, fees and other	1 022 670	1 192 704	1 074 584
Provincial and Federal grants	130 000	186 043	130 000
Municipal debt payments	<u>1 366 051</u>	<u>1 700 916</u>	<u>1 366 051</u>
	<u>3 558 915</u>	<u>4 147 040</u>	<u>3 531 279</u>
<b>EXPENDITURES</b>			
Administration	831 757	661 314	526 990
Electoral Areas	128 646	86 087	125 945
Municipal Debt Service	1 366 051	1 700 916	1 366 051
Planning	88 146	106 271	91 898
Regional Industrial Development	24 366	16 467	24 535
Regional Waste Management	20 000	93	20 000
Helipad Construction	843	-	-
Mainland Recreation	16 045	10 000	10 100
Prince Rupert Regional Archives	74 860	74 760	82 838
North Pacific Cannery	93 000	92 500	82 500
Regional Recycling	451 068	478 857	457 834
Island Waste Management	576 031	889 345	621 668
QCI Recreation Commission	77 039	83 083	76 194
Haida Gwaii / QCI Museum	48 400	53 767	60 000
Vancouver Island Regional Library	31 189	31 089	37 312
Oona River Local Telephone Service	2 804	2 704	2 804
Sandspit Fire Protection	22 100	22 000	22 100
Sandspit Water Utility	<u>39 900</u>	<u>49 172</u>	<u>43 947</u>
	<u>3 892 245</u>	<u>4 358 425</u>	<u>3 652 716</u>
<b>NET REVENUE (DEFICIT)</b>	-333 330	-211 385	-121 437
<b>NET TRANSFER TO/FROM RESERVE FUNDS</b>	264 431	-	-25 584
<b>OPENING SURPLUS</b>	<u>68 899</u>	<u>72 919</u>	<u>219 940</u>
<b>CLOSING SURPLUS (DEFICIT)</b>	<u>-</u>	<u>-138 466</u>	<u>72 919</u>

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**STATEMENT OF SURPLUS**

**YEAR ENDED DECEMBER 31**

**SCHEDULE 2**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Administration	31 648	59 357
Electoral Areas	8 706	-4 354
Planning	3 612	408
Regional Industrial Development	7 899	24 366
Regional Waste Management	15 605	2 991
Helipad Construction	843	843
Mainland Recreation	7 889	7 206
Prince Rupert Regional Archives	-1 499	-7 018
North Pacific Cannery	1 551	7 039
Regional Recycling	58 101	46 219
Islands Waste Management	-267 851	-63 080
QCI Recreation Commission	847	786
Haida Gwaii / QCI Museum	-33	-2 705
Vancouver Island Regional Library	987	-
Dodge Cove Water Utility	-200	-200
Oona River Telephone	100	-
Sandspit Fire Protection	4 429	1 061
Sandspit Water Utility	<u>-11 100</u>	<u>-</u>
	<u>-138 466</u>	<u>72 919</u>

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS



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

	YEAR ENDED DECEMBER 31	SCHEDULE 3
	2007	2006
	\$	\$
OPENING BALANCE	3 978 007	3 978 007
DISPOSALS DURING THE YEAR	<u>-23 400</u>	<u>-</u>
CLOSING BALANCE	<u>3 954 607</u>	<u>3 978 007</u>

**REPRESENTED BY:**

General	2 125 035	2 148 435
Sandspit Water Utility	<u>1 829 572</u>	<u>1 829 572</u>
	<u>3 954 607</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
	2007	2006
	\$	\$
<b>OPENING BALANCE</b>	<u>3 484 346</u>	<u>3 453 634</u>
<b>INCREASE IN EQUITY</b>		
Debt repayment	19 430	19 430
Actuarial additions	12 817	11 282
Physical asset disposals	<u>-23 400</u>	<u>-</u>
	<u>8 847</u>	<u>30 712</u>
<b>CLOSING BALANCE</b>	<u>3 493 193</u>	<u>3 484 346</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF CHANGES IN RESERVE FUNDS

	YEAR ENDED DECEMBER 31	SCHEDULE 5
	2007	2006
	\$	\$
<b>OPENING BALANCE</b>	300 736	264 911
Interest	13 470	10 241
Fund transfer	<u>-</u>	<u>25 584</u>
<b>CLOSING BALANCE</b>	<u>314 206</u>	<u>300 736</u>

**REPRESENTED BY:**

Waste Management	167 923	160 709
Dodge Cove Water Utility	119 474	114 443
Sandspit Water Utility	<u>26 809</u>	<u>25 584</u>
	<u>314 206</u>	<u>300 736</u>