

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2009

**SKEENA-QUEEN CHARLOTTE
REGIONAL DISTRICT**

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DECEMBER 31, 2009

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AUDIT REPORT

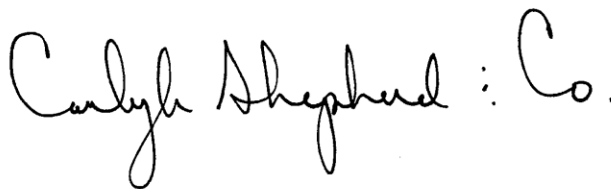
**TO THE DIRECTORS
SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

We have audited the consolidated statement of financial position of the Skeena-Queen Charlotte Regional District as at December 31, 2009 and the consolidated statements of financial activities, cash flows and changes in net financial liabilities 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, 2009 and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles.

Prince Rupert, BC
April 27, 2010



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

	DECEMBER 31	STATEMENT A
	2009	2008
	\$	\$
FINANCIAL ASSETS		
Cash and investments (note 1)	1 022 656	650 940
Trade and other receivables	608 087	268 934
MFA deposit	257 571	241 623
Due from Municipalities	<u>14 742 546</u>	<u>14 529 746</u>
	<u>16 630 860</u>	<u>15 691 243</u>
LIABILITIES		
Accounts payable and accruals	200 290	194 802
Landfill closure costs	787 935	484 190
Deferred revenue (note 2)	945 320	380 715
MFA debt reserve	257 571	241 623
MFA debentures/leases for Regional District (note 3)	573 890	447 550
Debentures issued for Municipalities (note 4)	<u>14 742 546</u>	<u>14 529 746</u>
	<u>17 507 552</u>	<u>16 278 626</u>
NET FINANCIAL LIABILITIES	-876 692	-587 383
Physical assets (Schedule 4 and note 1)	<u>2 745 284</u>	<u>2 658 648</u>
NET POSITION	<u>1 868 592</u>	<u>2 071 265</u>
REGIONAL DISTRICT POSITION		
Operating Surplus (Deficit) (Schedule 1)	-526 709	-409 180
Reserve Funds (Schedule 2)	205 320	249 352
Capital Fund Equity (Schedule 3)	<u>2 189 981</u>	<u>2 231 093</u>
Fund balances	<u>1 868 592</u>	<u>2 071 265</u>

APPROVED BY THE BOARD

_____ Chairperson

_____ Treasurer

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	YEAR ENDED DECEMBER 31		STATEMENT B
	Unaudited Budget 2009	Actual 2009	Actual 2008
	\$	\$	\$
REVENUES			
Taxation	1 025 584	1 014 740	882 522
Grants in lieu	51 245	51 042	52 509
Sales, fees and other	1 340 002	1 530 216	1 292 343
Provincial and federal grants	2 531 822	575 795	486 812
Municipal debt payments	<u>1 532 648</u>	<u>1 328 987</u>	<u>1 473 570</u>
	<u>6 481 301</u>	<u>4 500 780</u>	<u>4 187 756</u>
EXPENDITURES			
Administration	432 819	476 675	471 018
Electoral areas	168 721	171 059	169 080
Municipal debt service	1 532 648	1 328 987	1 473 570
Planning	107 255	66 812	139 352
Economic development	150 244	121 837	195 155
Regional waste management	14 667	641	139
Helipad construction	-	-	843
Mainland recreation	205 000	205 136	3 704
Prince Rupert Regional Archives	70 909	70 909	74 801
North Pacific Cannery	81 020	81 020	88 551
Regional recycling	570 432	506 573	563 143
Islands waste management	794 209	1 174 972	1 021 246
QCI Recreation Commission	655 930	145 897	90 746
Haida Gwaii Museum	61 469	62 700	61 100
Vancouver Island Regional Library	33 079	33 080	34 695
Oona River telephone	21 292	2 704	2 704
Sandspit fire protection	24 939	24 923	29 440
Sandspit water utility	57 125	66 614	56 352
Dodge Cove water	794 800	65 708	13 826
Amortization	-	97 206	88 015
	<u>5 776 558</u>	<u>4 703 453</u>	<u>4 577 480</u>
REVENUE OVER EXPENDITURES	704 743	-202 673	-389 724
OPENING REGIONAL DISTRICT POSITION	<u>2 071 265</u>	<u>2 071 265</u>	<u>2 460 989</u>
CLOSING REGIONAL DISTRICT POSITION	<u>2 776 008</u>	<u>1 868 592</u>	<u>2 071 265</u>

CARLYLE SHEPHERD & CO.
CHARTERED ACCOUNTANTS



**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR ENDED DECEMBER 31	STATEMENT C
	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditures	-202 673	-389 724
Amortization	97 206	88 015
Trade and other receivables	-339 153	12 551
Accounts payable and accruals	5 488	-32 797
Landfill closure costs	303 745	109 500
Deferred revenue	<u>564 605</u>	<u>64 850</u>
	<u>429 218</u>	<u>-147 605</u>
 FINANCING ACTIVITIES		
Debt repayment	<u>126 340</u>	<u>-33 859</u>
 INVESTING ACTIVITIES		
Physical asset purchases	<u>-183 842</u>	<u>-</u>
 CHANGE IN CASH	 371 716	 -181 464
 OPENING CASH AND INVESTMENTS	 <u>650 940</u>	 <u>832 404</u>
 CLOSING CASH AND INVESTMENTS	 <u>1 022 656</u>	 <u>650 940</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED DECEMBER 31	STATEMENT D	
	2009	2008
	\$	\$
Revenue over expenditures	-202 673	-389 724
Purchase of physical assets	-183 842	-
Amortization of physical assets	<u>97 206</u>	<u>88 015</u>
INCREASE (DECREASE) IN NET FINANCIAL LIABILITIES	<u>-289 309</u>	<u>-301 709</u>
OPENING NET FINANCIAL LIABILITIES	<u>-587 383</u>	<u>-285 674</u>
CLOSING NET FINANCIAL LIABILITIES	<u>-876 692</u>	<u>-587 383</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

The Regional District maintains the following funds that are consolidated into the financial statement:

- Operating fund reports the general activities of the Regional District.
- Capital fund reports the physical assets of the Regional District together with the related financing.
- Reserve fund reports the activities of the reserve funds established by the Regional District.

Physical assets are recorded at cost and are amortized using the straight-line method as follows:

Buildings	40 years
Automotive	10 and 20 years
Equipment	10 and 20 years
Infrastructure	40 years

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.

It is management's opinion that the Regional District is not exposed to significant interest, currency or credit risk arising from its financial instruments.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

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DECEMBER 31, 2009

2. DEFERRED REVENUE

	2009	2008
	\$	\$
Provincial operating grant	153 700	-
Towns for tomorrow grant	352 960	-
PMIC Northcoast funding	31 315	37 917
Gas tax	376 440	308 837
Other	<u>30 905</u>	<u>33 961</u>
	<u>945 320</u>	<u>380 715</u>

3. DEBENTURES/LEASES FOR THE REGIONAL DISTRICT

Debenture debt and leases are with the Municipal Finance Authority and are being repaid in accordance with approved bylaws and agreements.

4. DEBENTURES ISSUED FOR MUNICIPALITIES

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

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DECEMBER 31, 2009

5. CONSOLIDATED EXPENDITURES BY TYPE

	2009	2008
Director remuneration	\$ 142 538	\$ 123 231
Director travel	31 933	56 466
Staff remuneration and benefits	840 218	775 127
Staff travel and education	45 108	41 381
Interest	33 517	33 625
Purchased services, grants and supplies	2 281 152	2 074 080
Municipal debt payments	1 328 987	1 473 570
	<u>\$ 4 703 453</u>	<u>\$ 4 577 480</u>

6. LINE OF CREDIT

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

7. PENSION INFORMATION

The municipality 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 benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158 000 active members and approximately 57 000 retired members. Active members include approximately 33 000 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.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

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DECEMBER 31, 2009

8. LEASE COMMITMENTS

Certain comparatives have been restated to conform to the current year presentation in accordance to the Public Sector Accounting and Auditing Board. In prior years, physical asset purchases and related debt payments were expensed in the operations and amortization was not recorded on physical assets. The main focus of the change in the current financial statement presentation is to capitalize the physical assets and record amortization of physical assets as an operating cost.

The Regional District prepared a physical asset policy for the capitalization of assets and appropriate amortization rates. This restatement was done retrospectively and resulted in the net book value of physical assets at December 31, 2007 being reduced by \$1 207 944 to \$2 746 663 with capital fund equity being reduced by an equal amount.

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF SURPLUS (DEFICIT)

YEAR ENDED DECEMBER 31

SCHEDULE 1

	2009	2008
	\$	\$
Administration	-43 272	31 977
Electoral areas	-2 489	-7 779
Planning	11 408	-7 288
Economic development	63	4 674
Regional waste management	14 825	15 467
Mainland recreation	185	4 185
Prince Rupert Regional Archives	-	-191
North Pacific Cannery	-	-2 980
Regional recycling	7 846	31 434
Islands waste management	-474 142	-462 218
QCI Recreation Commission	-517	4 340
Haida Gwaii Museum	-1 231	169
Vancouver Island Regional Library	-1	145
Dodge Cove water utility	-	-200
Oona River telephone	295	-
Sandspit fire protection	116	-137
Sandspit water utility	-39 795	-20 778
	<u>-526 709</u>	<u>-409 180</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF RESERVE FUNDS

YEAR ENDED DECEMBER 31

SCHEDULE 2

	2009	2008
	\$	\$
Opening balance	249 352	314 206
Interest	15 603	16 242
Transfer to operating fund	<u>-59 635</u>	<u>-81 096</u>
Closing balance	<u>205 320</u>	<u>249 352</u>

Represented by the following reserve funds

Waste management	119 945	108 194
Dodge Cove water utility	55 221	112 742
Sandspit water utility	<u>30 154</u>	<u>28 416</u>
	<u>205 320</u>	<u>249 352</u>

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
STATEMENT OF CHANGES IN CAPITAL FUND EQUITY**

	YEAR ENDED DECEMBER 31	SCHEDULE 3
	2009	2008
	\$	\$
Opening balance	<u>2 231 093</u>	<u>2 285 249</u>
Increase (decrease) in equity		
Debt repayment	39 972	19 430
Actuarial additions	16 122	14 429
Amortization	<u>-97 206</u>	<u>-88 015</u>
	<u>-41 112</u>	<u>-54 156</u>
Closing balance	<u>2 189 981</u>	<u>2 231 093</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
 STATEMENT OF PHYSICAL ASSETS
 YEAR ENDED DECEMBER 31

SCHEDULE 4

	CAPITAL ASSETS		ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$
Land	295 400	-	295 400	-	-	-	295 400
Buildings	611 410	-	611 410	147 868	15 447	163 315	448 095
Automotive	182 954	183 842	366 796	63 235	26 334	89 569	277 227
Equipment	151 447	-	151 447	63 813	9 686	73 499	77 948
Infrastructure	<u>1 829 571</u>	<u>-</u>	<u>1 829 571</u>	<u>137 218</u>	<u>45 739</u>	<u>182 957</u>	<u>1 646 614</u>
	<u>3 070 782</u>	<u>183 842</u>	<u>3 254 624</u>	<u>412 134</u>	<u>97 206</u>	<u>509 340</u>	<u>2 745 284</u>
							<u>1 692 353</u>
							<u>2 658 648</u>

