

**SKEENA-QUEEN CHARLOTTE  
REGIONAL DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**SKEENA-QUEEN CHARLOTTE  
REGIONAL DISTRICT**

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**DECEMBER 31, 2010**

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

**Report on the financial statements**

We have audited the statement of financial position of the Skeena-Queen Charlotte Regional District as at December 31, 2010 and the statements of financial activities, cash flows and changes in net financial assets for the year then ended.

**Responsibility for the financial statements**

These financial statements are the responsibility of the Regional District's management and directors.

**Auditor's responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls to design audit procedures that are appropriate, 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 overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

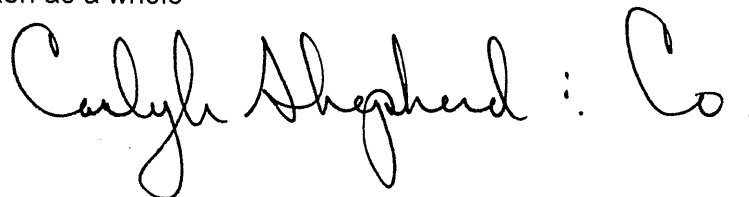
**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2010 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Supplementary information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Regional District taken as a whole. The current year's supplementary information in schedules 1 to 4 are presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all materially respects, in relation to the financial statements taken as a whole

Prince Rupert, BC  
April 15, 2011



Carlyle Shepherd : Co.

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31**

**STATEMENT A**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and investments (note 1)	1 221 741	1 022 656
Trade and other receivables	271 112	608 087
MFA deposit (note 3)	249 092	257 571
Due from Municipalities	<u>13 960 507</u>	<u>14 742 546</u>
	<u>15 702 452</u>	<u>16 630 860</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	142 534	200 290
Landfill closure costs	24 793	787 935
Deferred revenue (note 2)	944 005	945 320
MFA debt reserve (note 3)	249 092	257 571
MFA debentures/leases for Regional District (note 4)	496 977	573 890
Debentures issued for Municipalities (note 5)	<u>13 960 507</u>	<u>14 742 546</u>
	<u>15 817 908</u>	<u>17 507 552</u>
<b>NET FINANCIAL LIABILITIES</b>	-115 456	-876 692
Physical assets (Schedule 4 and note 1)	<u>2 715 376</u>	<u>2 745 284</u>
<b>NET POSITION</b>	<u>2 599 920</u>	<u>1 868 592</u>
<b>REGIONAL DISTRICT POSITION</b>		
Operating Surplus (Deficit) (Schedule 1)	172 867	-526 709
Reserve Funds (Schedule 2)	193 463	205 320
Capital Fund Equity (Schedule 3)	<u>2 233 590</u>	<u>2 189 981</u>
Fund balances	<u>2 599 920</u>	<u>1 868 592</u>

APPROVED BY THE BOARD

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Treasurer

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED DECEMBER 31**

**STATEMENT B**

	<b>Unaudited Budget 2010</b>	<b>Actual 2010</b>	<b>Actual 2009</b>
	\$	\$	\$
<b>REVENUES</b>			
Taxation	1 168 222	1 208 222	1 014 740
Grants in lieu	50 775	58 079	51 042
Sales, fees and other	1 555 760	1 369 692	1 530 216
Provincial and federal grants	1 627 606	263 929	575 795
Municipal debt payments	<u>1 462 892</u>	<u>1 442 098</u>	<u>1 328 987</u>
	<u>5 865 255</u>	<u>4 342 020</u>	<u>4 500 780</u>
<b>EXPENDITURES</b>			
Administration	501 303	446 447	476 675
Electoral areas	184 610	178 883	171 059
Municipal debt service	1 461 892	1 442 098	1 328 987
Planning	97 233	48 344	66 812
Economic development	35 063	36 193	121 837
Regional waste management	14 826	2 543	641
Mainland recreation	4 185	4 000	205 136
Prince Rupert Regional Archives	64 504	64 504	70 909
North Pacific Cannery	84 000	84 000	81 020
Regional recycling	477 015	514 076	506 573
Islands solid waste	797 580	423 546	1 174 972
QCI Recreation	95 358	95 691	145 897
Haida Gwaii Museum	51 469	51 469	62 700
Vancouver Island Regional Library	32 350	32 352	33 080
Oona River telephone	4 120	4 341	2 704
Sandspit fire protection	25 191	25 170	24 923
Sandspit water utility	62 273	59 828	66 614
Dodge Cove water utility	-	-	65 708
Feasibility study	5 000	-	-
Amortization	-	97 207	97 206
	<u>3 997 972</u>	<u>3 610 692</u>	<u>4 703 453</u>
<b>REVENUE OVER EXPENDITURES</b>	1 867 283	731 328	-202 673
<b>OPENING REGIONAL DISTRICT POSITION</b>	<u>1 868 592</u>	<u>1 868 592</u>	<u>2 071 265</u>
<b>CLOSING REGIONAL DISTRICT POSITION</b>	<u>3 735 875</u>	<u>2 599 920</u>	<u>1 868 592</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

STATEMENT C

	2010	2009
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditures	731 328	-202 673
Amortization	97 207	97 206
Trade and other receivables	336 975	-339 153
Accounts payables and accruals	-57 756	5 488
Landfill closure costs	-763 142	303 745
Deferred revenue	<u>-1 315</u>	<u>564 605</u>
	<u>343 297</u>	<u>429 218</u>
<b>FINANCING ACTIVITIES</b>		
Debt repayment	<u>-76 913</u>	<u>126 340</u>
<b>INVESTING ACTIVITIES</b>		
Physical asset purchases	<u>-67 299</u>	<u>-183 842</u>
<b>CHANGE IN CASH</b>	199 085	371 716
<b>OPENING CASH AND INVESTMENTS</b>	<u>1 022 656</u>	<u>650 940</u>
<b>CLOSING CASH AND INVESTMENTS</b>	<u>1 221 741</u>	<u>1 022 656</u>

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

	YEAR ENDED DECEMBER 31	STATEMENT D
	2010	2009
	\$	\$
Revenue over expenditures	731 328	-202 673
Purchase of physical assets	-67 299	-183 842
Amortization of physical assets	<u>97 207</u>	<u>97 206</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL LIABILITIES</b>	<u>761 236</u>	<u>-289 309</u>
<b>OPENING NET FINANCIAL LIABILITIES</b>	<u>-876 692</u>	<u>-587 383</u>
<b>CLOSING NET FINANCIAL LIABILITIES</b>	<u>-115 456</u>	<u>-876 692</u>

# SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

## NOTES

DECEMBER 31, 2010

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of presentation**

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 combined in the financial statements:

- 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 funds established by bylaw for specific purposes.

#### **Basis of accounting**

Revenue and expenditures are reported on an accrual basis.

#### **Revenue recognition**

Taxation revenues are recognized when received from the Province of British Columbia and member Municipalities. Sale of services and user fee revenues are recognized when the service or product is provided by the Regional District. Grant revenues are recognized when the commitments are met.

#### **Financial instruments**

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

#### **Cash and investments**

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



SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

NOTES

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Physical assets**

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

**Capital fund equity**

Capital fund equity reflects the accumulated funded historical cost of physical assets less accumulated amortization.

**Use of estimates**

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. Adjustments, if any, will be reflected in operations in the period of settlement.

2. DEFERRED REVENUE

Revenues received in advance of expenses that will be incurred in a later period are deferred until they are matched against those expenses.

	2010	2009
Provincial operating grant	\$ -	\$ 153 700
Towns for Tomorrow grant	352 960	352 960
PMIC Northcoast grant	10 438	31 315
Gas tax	554 937	376 440
Other	25 670	30 905
	<u>\$ 944 005</u>	<u>\$ 945 320</u>

# SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

## NOTES

DECEMBER 31, 2010

### 3. MFA DEPOSIT AND DEBT RESERVE

A condition of MFA borrowings stipulates that a portion of the debenture proceeds be withheld as a security deposit and a debt reserve fund.

### 4. 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.

### 5. DEBENTURES ISSUED FOR MUNICIPALITIES

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

### 6. CONSOLIDATED EXPENDITURES BY TYPE

	2010	2009
Director remuneration	\$ 131 970	\$ 142 538
Director travel	23 311	31 933
Staff remuneration and benefits	834 900	840 218
Staff travel and education	15 615	45 108
Interest	33 368	33 517
Purchased services, grants and supplies	1 129 430	2 281 152
Municipal debt payments	1 442 098	1 328 987
	<u>\$ 3 610 692</u>	<u>\$ 4 703 453</u>

# SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

## NOTES

DECEMBER 31, 2010

### 7. LINE OF CREDIT

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

### 8. 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 benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 163 000 active members and approximately 60 000 retired members. Active members include approximately 35 000 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, 2009 indicated an unfounded liability of \$1 024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers.

### 9. PURPOSE OF ORGANIZATION

The Skeena-Queen Charlotte Regional District is a partnership of four electoral areas and five municipalities that provide local government services to 20 000 residents living on the North Coast of British Columbia and Haida Gwaii.

The Regional District administers service ranging from solid waste management and recycling to land use planning, water supply and public safety.

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**STATEMENT OF SURPLUS (DEFICIT)**

**YEAR ENDED DECEMBER 31**

**SCHEDULE 1**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Administration	44 753	-43 272
Electoral areas	17 613	-2 489
Planning	23 501	11 408
Economic development	63	63
Regional waste management	12 282	14 825
Mainland recreation	185	185
Regional recycling	23 804	7 846
Islands solid waste	46 450	-474 142
QCI Recreation	258	-517
Haida Gwaii Museum	216	-1 231
Vancouver Island Regional Library	-3	-1
Dodge Cove water utility	-4 128	-
Oona River telephone	296	295
Sandspit fire protection	21	116
Sandspit water utility	2 556	-39 795
Feasibility study	5 000	-
	<u>172 867</u>	<u>-526 709</u>

**SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT**

**STATEMENT OF RESERVE FUNDS**

**YEAR ENDED DECEMBER 31**

**SCHEDULE 2**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Opening balance	205 320	249 352
Interest	5 525	15 603
Transfer from operating fund	6 000	-
Transfer to operating fund	<u>-23 382</u>	<u>-59 635</u>
Closing balance	<u>193 463</u>	<u>205 320</u>

**Represented by the following reserve funds**

Waste management	129 210	119 945
Dodge Cove water utility	33 382	55 221
Sandspit water utility	<u>30 871</u>	<u>30 154</u>
	<u>193 463</u>	<u>205 320</u>

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

**YEAR ENDED DECEMBER 31**

**SCHEDULE 3**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Opening balance	<u>2 189 981</u>	<u>2 231 093</u>
<b>Increase (decrease) in equity</b>		
Asset additions	67 299	-
Debt repayment	55 617	39 972
Actuarial additions	17 900	16 122
Amortization	<u>-97 207</u>	<u>-97 206</u>
	<u>43 609</u>	<u>-41 112</u>
Closing balance	<u>2 233 590</u>	<u>2 189 981</u>

SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT

SCHEDULE OF PHYSICAL ASSETS

YEAR ENDED DECEMBER 31

SCHEDULE 4

	PHYSICAL ASSETS		ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Land	295 400	-	295 400	-	-	-	295 400	295 400
Buildings	611 410	39 700	651 110	163 315	15 447	178 762	472 348	448 095
Automotive	366 796	-	366 796	89 569	26 334	115 903	250 893	277 227
Equipment	151 447	-	151 447	73 499	9 686	83 185	68 262	77 948
Infrastructure	<u>1 829 571</u>	<u>27 599</u>	<u>1 857 170</u>	<u>182 957</u>	<u>45 740</u>	<u>228 697</u>	<u>1 628 473</u>	<u>1 646 614</u>
	<u>3 254 624</u>	<u>67 299</u>	<u>3 321 923</u>	<u>509 340</u>	<u>97 207</u>	<u>606 547</u>	<u>2 715 376</u>	<u>2 745 284</u>

