

Financial Statements of

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Year ended December 31, 2010

Auditor's Report

Statement of Financial Position

Statement 1

Statement of Revenue and Expenditure

Statement 2

Statement of Change in Financial Position

Statement 3

Schedule of Expenses

Capital Expenses

Notes to the Financial Statements

Jean Elwell, Chartered Accountant

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AUDITOR'S REPORT TO THE TRUSTEES

I have audited the statement of financial position of Salt Spring Island Fire Protection District as at December 31, 2010, and the statements of revenue and expenditure and change in financial position for the year then ended. These financial statements are the responsibility of the District's board of trustees. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2010, and the results of its operations for the year then ended, in accordance with the generally accepted accounting principles for improvement districts in the Province of British Columbia.

Jean Elwell
Chartered Accountant

Salt Spring Island, British Columbia
April 14, 2011

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

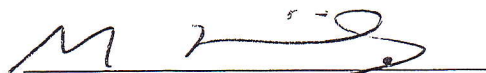
Statement of Financial Position

December 31, 2010 with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 801,639	\$ 211,680
Accounts receivable	10,947	—
HST rebate receivable	34,882	12,355
Prepaid expenses	24,257	17,965
Deposits	—	84,150
	871,725	326,150
Physical assets (Note 3)	3,249,903	3,178,790
	4,121,628	3,504,940
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	31,367	64,902
Current portion of long term debt (Note 4)	144,413	84,900
	175,780	149,802
Long term debt (Note 4)	1,009,593	579,006
	1,185,373	728,808
Financial equity		
Street lighting	15,719	15,132
Firefighting	299,042	295,520
	314,761	310,652
Equity in physical assets (Note 3)	2,621,494	2,465,479
	2,936,255	2,776,131
	\$ 4,121,628	\$ 3,504,939

ON BEHALF OF THE DISTRICT:

 , Chairman

 , Trustee

Jean Elwell, Chartered Accountant

See Auditor's report dated April 14, 2011. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Statement of Revenue and Expenditure

Year ended December 31, 2010 with comparative figures for 2009

	Budget	2010	2009
Revenue			
Taxes			
Operating tax advance	\$ 2,200,000	\$ 2,200,000	\$ 1,983,350
Capital tax advance	-	130,986	133,484
	<u>\$2,200,000</u>	<u>2,330,986</u>	<u>2,116,834</u>
Interest		1,436	390
Miscellaneous income		1,718	9,066
Other revenue		3,154	9,456
		<u>2,334,139</u>	<u>2,126,290</u>
Expenditure			
Administration	246,050	219,424	216,872
Operations	1,673,300	1,542,992	1,636,259
Debt interest	-	44,387	51,353
Purchase of physical assets	280,650	438,327	107,137
	<u>2,200,000</u>	<u>2,245,130</u>	<u>2,011,621</u>
Net Revenue	-	89,009	114,669
Less: Debt principal payments		(84,900)	(80,144)
Change in Financial Equity		4,109	34,525
Financial Equity: Opening balance		310,652	276,127
Financial Equity: Closing balance		\$ 314,761	\$ 310,652

Jean Elwell, Chartered Accountant

See Auditor's report dated April 14, 2011. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Statement of Change in Financial Position

Year ended December 31, 2010 with comparative figures for 2009

	2010	2009
Cash from operations		
Net revenue from operations *	\$ 89,009	\$ 114,669
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(10,947)	-
(Increase) / decrease in GST/HST receivable	(22,527)	(4,388)
(Increase) / decrease in deposits	84,150	(84,150)
(Increase)/ decrease in prepaid expenses	(6,291)	(1,346)
(Decrease) / increase in deferred revenue	-	(991,675)
Increase/ (decrease) in accounts payable	(33,535)	1,445
Net cash (used by) provided from operations	99,859	(965,445)
Cash from financing activities		
Long-term debt repaid	(84,900)	(80,144)
Long-term debt issued	575,000	-
Net cash (used by) financing activities	490,100	(80,144)
Increase (decrease) in cash	589,959	(1,045,589)
Cash, beginning of year	211,680	1,257,269
Cash, end of year	\$ 801,639	\$ 211,680

* Note – Net revenue from operations includes:

Interest received during the year	\$ 1,436
Interest paid during the year	\$ 44,387

Jean Elwell, Chartered Accountant

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Schedule of Expenses

Year ended December 31, 2010 with comparative figures for 2009

	Budget	2010	2009
Administrative expenses			
Advertising & promotion	\$ 12,500	\$ 10,511	\$ 2,827
Annual dinner	6,050	6,803	6,524
Administration	—	20,372	16,123
Bank charges	650	895	692
Convention and dues	11,350	8,572	11,217
Education	80,000	81,672	76,196
Election	10,000	1,300	3,849
Freight & postage	2,500	3,432	5,521
Insurance	35,000	39,825	28,238
Office supplies	9,000	9,817	15,736
Professional fees	54,000	15,546	30,710
Telephone & communication	25,000	20,679	19,239
	246,050	219,424	216,872
Operating Expenses			
Bush fire	10,000	100	8,592
Computer	20,000	13,128	6,735
Equipment	40,000	21,346	4,735
Building repairs	20,000	25,531	69,302
Fire prevention	5,000	3,140	7,136
First response	8,000	3,370	7,854
Hydrant installation & repair	30,000	5,845	21,906
Landscaping	10,000	8,917	5,662
Miscellaneous	2,500	2,306	3,005
Protective clothing	45,300	35,925	50,507
Radio Equipment	21,000	11,277	6,613
SCBA	24,000	4,230	4,207
SSI Firemen's Association	300,000	216,265	268,590
Supplies & small equipment	12,500	8,701	14,220
Street light power	14,200	13,613	12,571
Truck operation	60,000	65,293	59,585
Utilities	25,000	22,665	25,924
Wages and benefits	1,015,800	1,081,340	1,052,546
	\$ 1,663,300	\$ 1,542,992	\$ 1,629,690

Jean Elwell, Chartered Accountant

See Auditor's report dated April 14, 2011. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Capital Expenses

Year ended December 31, 2010 with comparative figures for 2009

	Budget	2010	2009
Capital Expenses			
Computer equipment	\$ 6,250	\$ 5,352	\$ 18,841
Office equipment	4,000	2,380	3,138
Storage trailer	—	4,117	7,306
Capital reserve	10,000	—	—
Radio equipment	—	13,320	25,260
Other equipment	—	5,667	51,467
Training ground	270,400	9,433	1,125
Vehicles	—	400,308	—
	\$ 290,650	\$ 440,577	\$ 107,137

Jean Elwell, Chartered Accountant

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements

Year ended December 31, 2010

1. DESCRIPTION OF THE ORGANIZATION

Salt Spring Island Fire Protection District was incorporated as an improvement district under the Water Act of British Columbia, by Letters Patent issued on November 24, 1959 and is subject to the provisions contained in the *Local Government Act*, a statute of the provincial government. Its principal activities are to provide fire protection and street lighting to the residents of the district.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

It is the District's policy to follow accounting principles generally accepted for British Columbia local governments and to apply such principles consistently.

(b) Accrual basis of accounting

The financial statements have been prepared using the accrual basis of accounting. Revenues are recorded in the period which the transactions or events occurred that gave rise to the revenues. Expenditures are recorded in the period the goods and services are acquired.

(c) Donated services

The District benefits significantly, in the form of volunteer time, from donated services. Because of the difficulty of determining their fair value, the value of donated services is not recognized in these statements.

(d) Financial instruments

The fair market value of the accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate their carrying values due to the relatively short periods to maturity of the instruments.

(e) Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements (cont)

Year ended December 31, 2010

3. PHYSICAL ASSETS

Capital assets are recorded at cost. In accordance with the guidelines set out by the Ministry of Community Services, no depreciation is recorded in connection with the capital assets.

	Opening Balance	Additions	Disposals	2010 Balance
Land	\$ 156,349	\$ 7,183	\$ -	\$ 163,532
Buildings	553,171	4,117	-	557,288
Computer	67,560	5,352	21,932	50,980
Equipment	336,418	5,667	220,595	121,490
Office furniture & fixtures	-	2,380	-	2,380
Radio equipment	123,308	13,320	64,220	72,408
Vehicles	1,941,983	400,308	60,466	2,281,825
	\$ 3,178,789	\$ 438,327	\$ 367,213	\$ 3,249,903

EQUITY IN CAPITAL ASSETS	2010	2009
Increases		
Capital Expenditures	\$ 438,327	\$ 107,137
Reduction of debt – principal repayment	84,900	80,144
Decreases		
Assets disposed of at cost	(60,466)	-
Reduction in value of retired or redundant assets	(306,746)	-
Change in equity in physical assets	156,015	187,281
Equity: Beginning of year	2,465,479	2,278,198
Equity: End of year	\$ 2,621,494	\$ 2,465,479

Jean Elwell, Chartered Accountant

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements (cont)

Year ended December 31, 2010

4. LONG TERM DEBT

Long term debt is issued by the Province of British Columbia to finance significant physical assets. Interest and principal are collected at source by the province from local property taxes. During 2010, in accordance with By-Law 114, a new capital tax advance was secured in the amount of \$575,000 (see below). The funds have been used to purchase a Compressed Air Foam Truck early in 2011.

By-law	Purpose	Maturing	Rate	2010	2009
114	2011 Compress Air Foam Truck	2020	3.1%	\$ 575,000	\$ -
104	2007 Utility truck replacement	2011	4.5%	13,146	25,731
94	2003 Fire truck	2018	5.50%	394,926	433,432
81	2000 Fire truck	2015	7.00%	123,901	144,036
67	Central Fire Hall renovations	2013	7.00%	47,034	60,707
				<u>1,154,006</u>	<u>663,906</u>
	Less: current portion of long term debt			<u>144,413</u>	<u>84,900</u>
				<u>\$ 1,009,593</u>	<u>\$ 579,006</u>

The following principal repayments are due in the next five years:

2011	\$ 144,413
2012	132,595
2013	139,243
2014	128,338
2015	<u>134,491</u>
	679,080
2016 and later	<u>474,926</u>
	<u>\$ 1,154,006</u>

5. STREET LIGHTING

During 2010, the District entered discussions with the Capital Regional District ("CRD") with an aim to transfer the responsibilities associated with Street Lighting on Salt Spring Island from the District to the CRD. The CRD has agreed to the undertaking, although the transfer has not yet been finalized.

J e a n E l w e l l , C h a r t e r e d A c c o u n t a n t