

Financial Statements of

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Year ended December 31, 2011

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



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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, 2011, 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, 2011, 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 13, 2012



SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Statement of Financial Position

December 31, 2011 with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 1,825,641	\$ 801,639
Accounts receivable	—	10,947
HST rebate receivable	61,476	34,882
Prepaid expenses	24,688	24,257
	1,911,805	871,725
Physical assets (Note 3)	3,956,264	3,249,903
	5,868,069	4,121,628
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	131,251	31,367
Deferred revenue	1,150,000	—
Current portion of long term debt (Note 6)	167,074	144,413
	1,448,325	175,780
Long term debt (Note 6)	1,187,519	1,009,593
	2,635,844	1,185,373
Financial equity		
Street lighting	15,719	15,719
Firefighting	664,238	874,042
	679,957	889,761
Equity in physical assets (Note 3)	2,552,268	2,046,494
	3,232,225	2,936,255
	\$ 5,868,069	\$ 4,121,628

ON BEHALF OF THE DISTRICT:


 , Chairman

 , Trustee

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 13, 2012. 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, 2011 with comparative figures for 2010

	Budget (unaudited)	2011	2010
Revenue			
Taxes			
Operating tax advance	\$ 2,400,000	\$ 2,400,000	\$2,200,000
Capital tax advance	-	206,394	130,986
	<u>2,400,000</u>	<u>2,606,394</u>	<u>2,330,986</u>
Other revenue			
Interest		11,900	1,436
Net proceeds on sale of assets		21,200	-
Miscellaneous income		1,206	1,718
		<u>34,306</u>	<u>3,154</u>
	<u>2,400,000</u>	<u>2,640,700</u>	<u>2,334,139</u>
Expenditure			
Administration	222,932	143,998	137,752
Operations	2,148,068	1,833,159	1,624,664
Debt interest	-	65,581	44,387
Capital assets from operating revenue	29,000	470,286	438,327
	<u>2,400,000</u>	<u>2,5113,024</u>	<u>2,245,130</u>
Net Revenue		127,676	89,009
Debt principal payments		(144,413)	(84,900)
Capital assets financed by long term debt		(538,067)	-
Increase in long term debt		345,000	575,000
Change in Financial Equity		(209,804)	579,109
Financial Equity: Opening balance		889,761	310,652
Financial Equity: Closing balance		\$ 679,957	\$ 889,761

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 13, 2012. 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, 2011 with comparative figures for 2010

	2011	2010
Cash from operations		
Net (loss)/ revenue from operations *	\$ 127,676	\$ 89,009
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	10,947	(10,947)
(Increase) in HST rebate receivable	(26,594)	(22,527)
Decrease in deposits	–	84,150
(Increase)/ decrease in prepaid expenses	(431)	(6,291)
Increase in deferred revenue	1,150,000	–
Increase/ (decrease) in accounts payable	99,884	(33,535)
Net cash provided from operations	1,361,482	99,859
Cash from financing activities		
Long-term debt repaid	(144,413)	(84,900)
Long-term debt issued	345,000	575,000
Capital assets financed by long term debt	(538,067)	–
Net cash (used by) financing activities	(337,480)	490,100
Increase (decrease) in cash	1,024,002	589,959
Cash, beginning of year	801,639	211,680
Cash, end of year	\$1,825,641	\$ 801,639

* **Note** – Net revenue from operations includes:

Interest received during the year	\$ 11,900
Interest paid during the year	\$ 65,581

Jean Elwell, Chartered Accountant

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Schedule of Expenses

Year ended December 31, 2011 with comparative figures for 2010

	Budget (unaudited)	2011	2010
Administrative expenses			
Advertising & promotion	\$ 11,500	\$ 6,949	\$ 10,511
Administration	27,300	18,897	20,372
Bank charges	732	645	895
Convention and dues	12,850	12,274	8,572
Freight & postage	3,500	3,043	3,432
Insurance	42,000	39,723	39,825
Licences / Leases	12,000	3,250	–
Office supplies	13,000	13,031	9,817
Professional fees	54,000	15,342	15,546
Telephone & communication	30,000	20,697	20,679
	206,882	133,851	129,649
Trustees Expenses			
Advertising/election	10,000	3,825	1,300
Annual dinner	6,050	6,322	6,803
	16,050	10,147	8,103
Operating Expenses			
Bush fire	10,000	–	100
Computer	20,000	14,322	13,128
Equipment	50,000	33,886	21,346
Building repairs & maintenance	30,000	43,952	25,531
Fire prevention	7,500	4,679	3,140
First response	9,000	8,449	3,370
Hydrant installation & repair	30,000	3,198	5,845
Landscaping	11,750	8,474	8,917
Miscellaneous	4,500	6,524	2,306
Protective clothing	53,000	41,438	35,925
Radio supplies & maintenance	25,000	9,458	11,277
SCBA	8,000	11,639	4,230
SSI Firemen's Association	310,000	186,198	216,265
Supplies & small equipment	12,000	13,118	8,701
Street light power	–	15,194	13,613
Training	85,000	75,707	81,672
Truck operation	75,000	77,684	65,293
Utilities	32,000	25,214	22,665
Wages and benefits	1,375,318	1,254,025	1,081,340
	\$ 2,148,068	1,833,159	\$ 1,624,664

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 13, 2012. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Capital Expenses

Year ended December 31, 2011 with comparative figures for 2010

	Budget (unaudited)	2011	2010
Capital Expenses			
From operating revenue			
Computer equipment	\$ 3,500	\$ 10,103	\$ 5,352
Office equipment	3,000	20,155	2,380
Radio equipment	-	34,100	-
Storage trailer	4,500	4,500	4,117
SCBA Storage Cabinets	18,000	18,000	13,320
Other equipment	-	22,490	5,667
Training ground	-	360,338	7,183
New fire station development costs	-	600	-
	29,000	470,286	
From long term borrowing			
Vehicles	N/A	538,067	-
	\$ 29,000	\$ 1,008,353	\$ 438,327

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 13, 2012. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements

Year ended December 31, 2011

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 activity is to provide fire protection 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, 2011

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash, highly liquid money market investments and investments with maturities of less than 90 days at inception.

(g) Debt charges

Debt charges, including principal and interest, are charged against current revenue in the period in which they are paid. Interest on long term debt is accrued for the period between the last annual debt payment to December 31.

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	2011 Balance
Land	\$ 163,532	\$ 360,937	\$ -	\$ 524,469
Buildings	557,288	4,500	-	561,788
Computer	50,980	10,104	-	61,084
Equipment	121,490	22,490	-	143,980
Office furniture & fixtures	2,380	20,155	-	22,535
Radio equipment	72,408	34,100	-	106,508
SCBA Cabinets	-	18,000	-	18,000
Vehicles	2,281,825	538,067	301,992	2,517,900
	\$ 3,249,903	\$ 1,008,353	\$ 301,992	\$ 3,956,264

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements (cont)

Year ended December 31, 2011

3. PHYSICAL ASSETS (cont)

EQUITY IN CAPITAL ASSETS	<u>2011</u>	<u>2010</u>
Increases		
Capital Expenditures	\$ 1,008,353	\$ 438,327
Reduction of debt	144,413	84,900
Decreases		
New debt issued	(345,000)	(575,000)
Assets disposed of at cost	(301,992)	(60,466)
Reduction in value of retired or redundant assets	-	(306,746)
Change in equity in physical assets	505,774	(418,985)
Equity: Beginning of year	2,046,494	2,465,479
Equity: End of year	<u>\$ 2,552,268</u>	<u>\$ 2,046,494</u>

4. COMPARATIVE AMOUNTS

Certain of the 2011 financial statement amounts have been reclassified to conform to the presentation adopted in the current year.

5. LEASE AGREEMENT

The District Leases a section of land adjacent to the Fulford Fire Hall to the Capital Regional District, to be used for recreational purposes. The current lease is for a period of ten years commencing January 1, 2011, for a nominal annual lease amount of \$1.

6. 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. The funds were used to purchase a Compressed Air Foam Truck early in 2011. In November of 2011, in accordance with By-Law 117, a new capital tax advance was secured in the amount of \$345,000. These funds will be used to purchase a new Mini-Pumper Truck for Hall 1.

By-law	Purpose	Maturing	Rate	2011	2010
117	2011 Mini-Pumper Truck	2021	3.1%	\$ 345,000	\$ -
114	2011 Compress Air Foam Truck	2020	3.1%	520,531	575,000
104	2007 Utility truck replacement	2011	4.5%	-	13,146
94	2003 Fire truck	2018	5.50%	354,302	394,926
81	2000 Fire truck	2015	7.00%	102,356	123,901
67	Central Fire Hall renovations	2013	7.00%	32,404	47,034
				<u>1,354,593</u>	<u>1,154,006</u>
Less: current portion of long term debt				<u>167,074</u>	<u>144,413</u>
				<u>\$ 1,187,519</u>	<u>\$ 1,009,593</u>

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

2012	167,074
2013	174,792
2014	164,988
2015	172,277
2016	<u>149,709</u>
	828,840
2017 and later	<u>532,463</u>
	<u>\$ 1,361,303</u>

7. 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. Effective December 31, 2011, an Order in Council was approved to amend the Letters Patent for Salt Spring Island Fire Protection District, removing responsibility for street lighting from the Salt Spring Island Fire Protection District and transferring it to the Capital Regional District.