

Financial Statements of

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Year ended December 31, 2012

Auditor's Report

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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, 2012, 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, 2012, 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 12, 2013

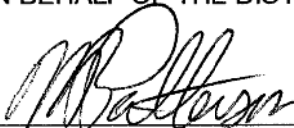
SALT SPRING ISLAND FIRE PROTECTION DISTRICT

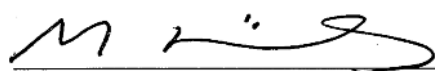
Statement of Financial Position

December 31, 2012 with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash	\$ 624,816	\$ 1,825,641
HST rebate receivable	49,680	61,476
Prepaid expenses	23,199	24,688
	697,695	1,911,805
Physical assets (Note 3)	4,293,028	3,956,264
	4,990,723	5,868,069
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	196,614	131,251
Deferred revenue	-	1,150,000
Current portion of long term debt (Note 6)	174,792	167,074
	371,406	1,448,325
Long term debt (Note 6)	1,013,720	1,187,519
	1,385,126	2,635,844
Financial equity		
Street lighting	-	15,719
Firefighting	550,484	664,238
	550,484	679,957
Equity in physical assets (Note 3)	3,055,113	2,552,268
	3,605,597	3,232,255
	\$ 4,990,723	\$ 5,868,069

ON BEHALF OF THE DISTRICT:

 , Chairman

 , Trustee

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 12, 2013. 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, 2012 with comparative figures for 2011

	Budget (unaudited)	2012	2011
Revenue			
Taxes			
Operating tax advance	\$ 2,300,000	\$ 2,300,000	\$ 2,400,000
Capital tax advance	–	232,577	206,394
	<u>2,300,000</u>	<u>2,532,577</u>	<u>2,606,394</u>
Other revenue			
Interest		17,548	11,900
Net proceeds on sale of assets		30,525	21,200
Miscellaneous income		<u>2,116</u>	<u>1,206</u>
		<u>50,190</u>	<u>34,306</u>
	<u>2,300,000</u>	<u>2,582,767</u>	<u>2,640,700</u>
Expenditure			
Administration & trustee	192,300	153,988	143,998
Operations	2,044,700	1,859,120	1,833,159
Debt interest	–	59,373	65,581
Capital assets from operating revenue	<u>63,000</u>	<u>473,678</u>	<u>470,286</u>
	<u>2,300,000</u>	<u>2,546,159</u>	<u>2,513,024</u>
Net Revenue		36,608	127,676
Debt principal payments		(166,081)	(144,413)
Capital assets financed by long term debt		–	(538,067)
Increase in long term debt		–	345,000
Change in Financial Equity		<u>(129,473)</u>	<u>(209,804)</u>
Financial Equity: Opening balance		679,957	889,761
Financial Equity: Closing balance		\$ 550,484	\$ 679,957

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 12, 2013. 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, 2012 with comparative figures for 2011

	2012	2011
Cash from operations		
Net (loss)/ revenue from operations *	\$ 36,608	\$ 127,676
Changes in non-cash working capital		
(Increase) / decrease in accounts receivable	11,700	(26,500)
Decrease / (increase) in prepaid expenses		1,489
(Decrease) / increase in deferred revenue	(1,150)	(1,150)
Increase / (decrease) in accounts payable	99,800	65,363
Net cash (used in) provided	(1,008,474)	1,825,641
Cash from financing activities		
Long-term debt repaid	(1,660,811)	(1,444,133)
Long-term debt issued		345,000
Capital assets financed by long term debt	(538,067)	
Net cash (used by) financing activities	(1,660,811)	
Increase (decrease) in cash		(1,008,474)
Cash, beginning of year		1,825,641
Cash, end of year	\$ 624,816	\$ 1,825,641

* **Note** – Net revenue from operations includes:
Interest received during the year \$ 17,548
Interest paid during the year \$ 58,380

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 12, 2013. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Schedule of Expenses

Year ended December 31, 2012 with comparative figures for 2011

	Budget (unaudited)	2012	2011
Administrative expenses			
Advertising & promotion	\$ 11,100	3,181	\$ 6,949
Administration	–	20,475	18,897
Bank charges	650	364	645
Convention and dues	12,500	14,254	12,274
Freight & postage	3,000	3,476	3,043
Insurance	50,000	40,894	39,723
Licences / Leases	10,000	200	3,250
Office supplies	15,000	10,852	13,031
Professional fees	41,500	7,109	15,342
Professional development	5,000	9,598	–
Telephone & communication	24,000	23,087	20,697
	172,750	133,490	133,851
Trustees Expenses			
Advertising/election	11,000	10,410	3,825
Annual dinner	6,050	7,588	6,322
Fireworks	2,500	2,500	–
	19,550	20,498	10,147
Operating Expenses			
Antique fire trucks	1,000	291	–
Computer	20,000	12,808	14,322
Equipment	47,000	13,354	33,886
Building repairs & maintenance	32,000	17,594	43,952
Fire prevention	7,500	7,512	4,679
First responder	8,000	7,933	8,449
Hydrant installation & repair	20,000	2,726	3,198
Landscaping	11,000	7,324	8,474
Major incident	10,000	256	–
Miscellaneous	14,500	9,410	6,524
Protective clothing	46,000	40,238	41,438
Radio supplies & maintenance	21,000	4,528	9,458
SCBA	20,000	14,742	11,639
SSI Firemen's Association	310,000	288,244	186,198
Supplies & small equipment	12,500	10,438	13,118
Street light power	–	–	15,194
Training	85,000	71,062	75,707
Truck operation	85,000	72,466	77,684
Utilities	22,000	24,447	25,214
Wages and benefits	1,272,200	1,253,996	1,254,025
	\$ 2,044,700	1,859,369	1,833,159

Jean Elwell, Chartered Accountant

See Auditor's report dated Apr 12, 2013. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Capital Expenses

Year ended December 31, 2012 with comparative figures for 2011

	Budget (unaudited)	2012	2011
Capital Expenses			
From operating revenue			
Computer equipment	\$ -	\$ 3,459	\$ 10,103
Office equipment	3,000	5,341	20,155
Radio equipment	-	25,927	34,100
Storage trailer	-	-	4,500
SCBA Storage Cabinets	-	-	18,000
Other equipment	-	717	22,490
Training ground	30,000	106,824	360,338
New fire station development costs	30,000	12,957	600
Vehicles	-	318,453	-
	63,000	473,678	470,286
From long term borrowing			
Vehicles	N/A	-	538,067
	\$ 63,000	\$ 473,678	\$ 1,008,353

Jean Elwell, Chartered Accountant

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements

Year ended December 31, 2012

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, 2012

(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	2012 Balance
Land	\$ 524,469	\$ 12,023	\$ –	\$ 536,492
Buildings	559,288	12,362	–	571,650
Computer	61,084	3,459	13,074	51,469
Equipment	143,980	717	11,888	132,809
Office furniture & fixtures	22,535	5,341	–	27,876
Radio equipment	106,508	25,927	16,773	115,662
SCBA Cabinets	18,000	–	–	18,000
Training ground	2,500	95,396	–	97,896
Vehicles	2,517,900	318,453	95,179	2,741,174
	<u>\$ 3,956,264</u>	<u>\$ 473,678</u>	<u>\$ 136,914</u>	<u>\$ 4,293,028</u>

SALT SPRING ISLAND FIRE PROTECTION DISTRICT

Notes to the Financial Statements (cont)

Year ended December 31, 2012

3. PHYSICAL ASSETS (cont)

EQUITY IN CAPITAL ASSETS	2012	2011
Increases		
Capital Expenditures	\$ 473,678	\$ 1,008,353
Reduction of debt	166,081	144,413
Decreases		
New debt issued	–	(345,000)
Assets disposed of at cost	(95,179)	(301,992)
Reduction in value of retired or redundant assets	(41,735)	–
Change in equity in physical assets	502,845	505,774
Equity: Beginning of year	2,552,268	2,046,494
Equity: End of year	\$ 3,055,113	\$ 2,552,268

4. COMPARATIVE AMOUNTS

Certain of the 2012 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.

By-law	Purpose	Maturing	Rate	2012	2011
115	2011 Mini-Pumper Truck	2021	3.1%	\$ 311,514	\$ 345,000
114	2011 Compress Air Foam Truck	2020	3.1%	46 9,502	520,531
104	2007 Utility truck replacement	2011	4.5%	-	-
94	2003 Fire truck	2018	5.50%	311,444	354,302
81	2000 Fire truck	2015	7.00%	79,302	102,356
6 7	Central Fire Hall renovations	2013	7.00%	16 ,75	32,404
				<u>1,188,512</u>	<u>1,354,593</u>
Less: current portion of long term debt				<u>174,792</u>	<u>16 7,07</u>
				<u>\$ 1,013,720</u>	<u>\$ 1,187,519</u>

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

2013	174,792
2014	16 4,988
2015	172,277
2016	149,709
2017	<u>158,705</u>
	820,471
2018 and later	<u>36 8,04</u>
	<u>\$ 1,188,512</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. In 2012, the surplus of \$15,719 from the street lighting fund was transferred to the firefighting fund.