

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Financial Statements
Year Ended December 31, 2022

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
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Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Salt Spring Island Fire Protection District have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Salt Spring Island Fire Protection District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the trustees' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the trustees, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the trustees by McLean, Lizotte, Wheadon and Company, in accordance with Canadian generally accepted auditing standards.



Jamie Holmes, Fire Chief



Rodney Dieleman, Chief
Administrative Office

Salt Spring Island, BC
April 20, 2023

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Salt Spring Island Fire Protection District

Report on the Financial Statements

Opinion

We have audited the financial statements of Salt Spring Island Fire Protection District (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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Independent Auditor's Report to the Trustees of Salt Spring Island Fire Protection District (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Salt Spring Island, British Columbia
April 20, 2023

McLean, Lizotte, Wheadon and Company

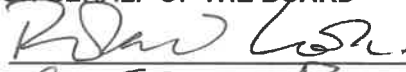

MCLEAN, LIZOTTE, WHEADON AND COMPANY
Chartered Professional Accountants



SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Financial Position
December 31, 2022

	2022	2021
	2022	2021
ASSETS		
Cash (Note 4)	\$ 263,501	\$ 2,484,859
Accounts receivable	18,745	189,157
Long term Investments	<u>2,015,915</u>	<u>1,485,103</u>
	<u>2,298,161</u>	<u>4,159,119</u>
LIABILITIES		
Accounts payable	35,165	124,067
Wages payable	109,896	-
Current portion of obligations under capital lease (Note 6)	58,889	54,209
Compensated absences and post-employment benefits	458,396	316,947
Obligations under capital lease (Note 6)	62,006	117,947
Deferred revenue	-	<u>2,000,000</u>
	<u>724,352</u>	<u>2,613,170</u>
NET FINANCIAL ASSETS	<u>1,573,809</u>	<u>1,545,949</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	27,533	165,068
Tangible capital assets (Note 5)	<u>2,696,857</u>	<u>2,248,586</u>
	<u>2,724,390</u>	<u>2,413,654</u>
ACCUMULATED SURPLUS	<u>\$ 4,298,199</u>	<u>\$ 3,959,603</u>

ON BEHALF OF THE BOARD

 Trustee
 Trustee

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2022

	Budget 2022	2022 Total 2022	2021 Total 2021
REVENUES			
Taxation	\$ 4,255,000	\$ 4,255,000	\$ 3,870,448
Interest	6,750	48,202	5,647
Other income	5,000	100,463	399,038
	<u>4,266,750</u>	<u>4,403,665</u>	<u>4,275,133</u>
OPERATING EXPENSES			
Awards and recognition	5,000	65	817
Fire protection	55,000	49,535	50,889
Repairs and maintenance - equipment	98,500	86,262	103,881
Repairs and maintenance - building	32,000	29,829	40,850
Training	70,000	62,618	48,040
Utilities	35,000	32,303	30,873
Automotive	90,000	93,947	90,124
	<u>385,500</u>	<u>354,559</u>	<u>365,474</u>
	<u>3,881,250</u>	<u>4,049,106</u>	<u>3,909,659</u>
ADMINISTRATIVE EXPENSES			
Advertising and promotion	8,000	4,357	6,239
Annual dinner	7,000	7,077	-
Convention, dues and subscriptions	6,500	2,182	2,666
Licenses	-	-	755
Insurance	47,500	44,459	39,391
Office	41,500	39,318	28,709
Technical and professional fees	71,000	52,910	60,267
Rental	15,000	14,154	13,040
Telephone	17,500	22,188	23,041
Fireworks	2,500	-	-
	<u>216,500</u>	<u>186,645</u>	<u>174,108</u>
SURPLUS FROM OPERATIONS BEFORE WAGES, BENEFITS AND RELATED ITEMS	<u>3,664,750</u>	<u>3,862,461</u>	<u>3,735,551</u>
SURPLUS BEFORE WAGES AND BENEFITS			
Labour relations	20,000	12,246	13,289
Wages and benefits	2,772,500	3,065,268	2,791,968
	<u>2,792,500</u>	<u>3,077,514</u>	<u>2,805,257</u>
SURPLUS BEFORE OTHER ITEMS	<u>872,250</u>	<u>784,947</u>	<u>930,294</u>

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Operations and Accumulated Surplus (continued)
Year Ended December 31, 2022

	Budget 2022	2022 Total 2022	2021 Total 2021
OTHER ITEMS			
Amortization	-	219,439	181,088
Interest on debt	-	10,634	11,264
New firehall project	15,000	216,278	84,491
Contingency	45,000	-	-
	<u>60,000</u>	<u>446,351</u>	<u>276,843</u>
ANNUAL SURPLUS	812,250	338,596	653,451
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	3,959,603	3,306,152
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 812,250</u>	<u>\$ 4,298,199</u>	<u>\$ 3,959,603</u>

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2022

	Budget 2022	2022	2021
ANNUAL SURPLUS	\$ 812,250	\$ 338,596	\$ 653,451
Amortization of tangible capital assets including capital leases	-	219,438	181,082
Purchase of tangible capital assets including capital leases	-	(667,710)	(59,281)
Decrease (increase) in prepaid expenses	-	137,538	(1,667)
	-	(310,734)	120,134
INCREASE IN NET FINANCIAL ASSETS	812,250	27,862	773,585
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	1,545,949	772,364
NET FINANCIAL ASSETS - END OF YEAR (Note 4)	\$ 812,250	\$ 1,573,811	\$ 1,545,949

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 338,596	\$ 653,451
Item not affecting cash:		
Amortization of tangible capital assets including capital leases	219,439	181,088
	<u>558,035</u>	<u>834,539</u>
Changes in non-cash working capital:		
Accounts receivable	170,412	(142,951)
Accounts payable	(88,902)	24,540
Deferred income	(2,000,000)	900,000
Prepaid expenses	137,535	(1,673)
Wages payable	109,896	-
Compensated absences and post-employment benefits	141,449	82,697
	<u>(1,529,610)</u>	<u>862,613</u>
Cash flow from (used by) operating activities	<u>(971,575)</u>	1,697,152
INVESTING ACTIVITIES		
Purchase of tangible capital assets including capital leases	(667,710)	(59,281)
Long term Investments	(530,812)	(1,047,678)
Cash flow used by investing activities	<u>(1,198,522)</u>	<u>(1,106,959)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	-	(38,987)
Repayment of obligations under capital lease	(51,261)	(51,261)
Cash flow used by financing activities	<u>(51,261)</u>	<u>(90,248)</u>
INCREASE (DECREASE) IN CASH FLOW	(2,221,358)	499,945
Cash - beginning of year	<u>2,484,859</u>	<u>1,984,914</u>
CASH - END OF YEAR (Note 4)	\$ 263,501	\$ 2,484,859

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

1. FINANCIAL IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of novel coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe.

As at April 20, 2023, the District is aware of the changes in its operations as a result of the COVID-19 pandemic.

The District is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses to mitigate its spread.

The District's realized financial impact will be accounted for when it is known and may be assessed.

2. PURPOSE OF THE ORGANIZATION

The Salt Spring Island Fire Protection District (the "District") is an improvement district incorporated under the Local Government Act of British Columbia in 1959. The purpose of the District is to provide fire protection services to the residents of the District.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement presentation

The financial statements of the district have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the district are as follows:

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Reporting entity

The financial statements reflect the assets, liabilities, accumulated surplus, revenues and expenses of the District. These are comprised of the Operating Fund, Tangible Capital Assets Fund, Capital Works Renewal Reserve Fund, and the General Capital Purposes Reserve Fund.

The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives.

The Operating Fund accounts for program delivery and administrative activities.

The Tangible Capital Assets Fund accounts for the acquisition and disposal of property and equipment and their related financing.

Reserve funds and accounts represent amounts set aside from past and current operations for future capital expenditures.

The Capital Works Renewal Reserve Fund was established by bylaw #39. These funds can only be disbursed through bylaws approved and passed by the Trustees and further approved by the Inspector of Municipalities of the Province of British Columbia for the purposes of upgrading or replacing existing tangible capital assets. Transfers to the Reserve will be made periodically from operating surplus or the sale of existing tangible capital assets. Transfers from the Reserve will be made periodically to account for approved disbursements for the purchase or upgrade of tangible capital assets.

The General Capital Purpose Reserve Fund was established by bylaw #134 on June 25, 2018. These funds can only be disbursed through bylaws approved and passed by the Trustees and further approved by the Inspector of Municipalities of the Province of British Columbia for the purposes of upgrading or replacing existing tangible capital assets. Transfers to the Reserve will be made periodically from operating surplus or the sale of district land. Transfers from the Reserve will be made periodically to account for approved disbursements.

Basis of accounting

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, term deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Investments

Investments are comprised of term deposits and are recorded at cost, plus accrued interest.

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Compensated absences and post-employment benefits

It is the policy of the District to record banked post-employment benefits and compensated absences as an expense in the year earned.

Employee future benefits

The District and its employees make contributions to the Municipal Pension Plan. The District's contributions are expensed as incurred.

Deferred revenue and deposits

Deferred revenue consists of collected user charges and fees for which the related services have yet to be performed. Revenue is recognized in the period when the related services are performed.

Revenue recognition

The provincial government collects and distributes taxes to the District. Taxation revenues are recorded in the year in for which they are levied. In addition, the provincial government also collects taxes for the capital advance tax levy, which is used to offset the long term debt held with the provincial government.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

I. Tangible capital assets including capital leases

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of an asset. The cost, less residual value of the capital asset is amortized on a declining balance basis at the following rates:

Buildings	5%
Computers	30%
Containers and storage	10%
Equipment	20%
Motor vehicles	10%

The organization regularly reviews its non-financial assets to eliminate obsolete items. Government grants are treated as a reduction of non-financial assets cost.

Non-financial assets acquired during the year but not placed into use are not amortized until they are placed into use. Non-financial assets no longer in use are not amortized.

II. Inventory and prepaid expenses

Inventories and prepaid expenses are recorded at the lower of cost and replacement cost.

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates

Preparation of the financial statements in conformity with Canadian public sector accounting standards requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets and estimating provisions for accrued liabilities. Actual results could differ from these estimates and adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

Financial instruments

The District's financial instruments consist of cash, accounts receivable, investments, accounts payable, and deferred revenue. The carrying amount of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, liquidity or credit risk arising from these financial instruments.

4. CASH

	2022	2021
Restricted cash	\$ 3,327	\$ 6,415
Unrestricted cash	260,174	2,478,444
	\$ 263,501	\$ 2,484,859

Restricted cash was established by bylaw #39 to fund the Capital Works Renewal Reserve Fund and the General Capital Purpose Reserve Fund. These funds can only be disbursed by a bylaw passed by the Trustees and approved by the Inspector of Municipalities of the Province of British Columbia for the purposes of upgrading or replacing existing tangible capital assets.

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

5. TANGIBLE CAPITAL ASSETS INCLUDING CAPITAL LEASES

<u>Cost</u>	2021 Balance	Additions	Disposals	2022 Balance
Land	\$ 801,492	\$ -	\$ -	\$ 801,492
Buildings	538,978	68,100	-	607,078
Computer equipment	63,446	-	-	63,446
Containers and storage	31,904	6,772	-	38,676
Equipment	954,335	17,599	-	971,934
Motor vehicles	3,094,736	575,239	-	3,669,975
Assets under construction	196,601	-	-	196,601
	\$ 5,681,492	\$ 667,710	\$ -	\$ 6,349,202

<u>Accumulated Amortization</u>	2021 Balance	Amortization	Accumulated Amortization on Disposals	2022 Balance
Buildings	\$ 430,882	\$ 8,810	\$ -	\$ 439,692
Computer equipment	55,521	2,378	-	57,899
Containers and storage	22,160	1,651	-	23,811
Equipment	623,498	69,687	-	693,185
Motor vehicles	2,300,845	136,913	-	2,437,758
	\$ 3,432,906	\$ 219,439	\$ -	\$ 3,652,345

<u>Net book value</u>	2022	2021
Land	\$ 801,492	\$ 801,492
Buildings	167,386	108,096
Computer equipment	5,547	7,925
Containers and storage	14,865	9,744
Equipment	278,749	330,837
Motor vehicles	1,232,217	793,891
Assets under construction	196,601	196,601
	\$ 2,696,857	\$ 2,248,586

6. OBLIGATIONS UNDER CAPITAL LEASE

	2022	2021
Calidon Equipment Leasing lease bearing interest at 5.75% per annum, repayable in annual blended payments of \$64,108. The lease matures on April 1, 2025.	\$ 120,895	\$ 172,156
Amounts payable within one year	(58,889)	(54,209)
	\$ 62,006	\$ 117,947

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2022

6. OBLIGATIONS UNDER CAPITAL LEASE *(continued)*

	2022	2021
Future minimum capital lease payments are approximately:		
2023	\$ 64,108	
2024	64,108	
Total minimum lease payments	128,216	
Less: amount representing interest at 5.75%	(7,321)	
Present value of minimum lease payments	120,895	
Less: current portion	(58,889)	
	\$ 62,006	

Interest expensed during the year \$10,634 (2021 - \$10,660).

7. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

The District provides sick leave and certain other benefits to its employees. The accrued benefit obligation has been estimated by the District.

8. PENSION PLAN

The District and certain of its employees contribute to the Municipal Pension Plan ("the plan"). The plan is a multi-employer defined benefit plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act and the Municipal Pension Plan Rules. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

During the year, the District contributed \$238,589 (2021 - \$225,266) on behalf of the employees.

9. BUDGET

The financial plan is prepared on a revenue and expenditure basis. The unaudited budget figures presented in these financial statements have been approved by the trustees for the year and are presented for information purposes only.