

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Financial Statements
Year Ended December 31, 2023

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Index to Financial Statements
Year Ended December 31, 2023

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5 - 6
Statement of Changes in Accumulated Surplus	7
Statement of Changes in Net Financial Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 14

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 15, 2024

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, 2023, and the statements of operations, changes in 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, 2023, 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.

McLean, Lizotte, Wheadon and Company

MCLEAN, LIZOTTE, WHEADON AND COMPANY
Chartered Professional Accountants

Salt Spring Island, British Columbia
April 15, 2024

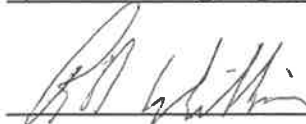


SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
Cash (Note 3)	\$ 3,169,113	\$ 263,501
Accounts receivable	171,705	18,745
Long term Investments	1,805,456	2,015,915
	5,146,274	2,298,161
LIABILITIES		
Accounts payable	90,993	35,165
Wages payable	109,189	109,896
Current portion of obligations under capital lease (Note 5)	60,623	58,889
Obligations under capital lease (Note 5)	-	62,006
Compensated absences and post-employment benefits	455,924	458,396
Deferred revenue	2,571,000	-
	3,287,729	724,352
NET FINANCIAL ASSETS	1,858,545	1,573,809
NON-FINANCIAL ASSETS		
Prepaid expenses	29,465	27,533
Tangible capital assets (Note 4)	3,216,194	2,696,857
Inventory	1,245	-
	3,246,904	2,724,390
ACCUMULATED SURPLUS	\$ 5,105,449	\$ 4,298,199

ON BEHALF OF THE BOARD

 _____ Trustee

 _____ Trustee

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Operations
Year Ended December 31, 2023

	Budget 2023	Total 2023	Total 2022
REVENUES			
Taxation	\$ 4,589,725	\$ 4,589,725	\$ 4,255,000
Interest	18,750	140,986	48,202
Other income	55,000	119,298	100,463
	<u>4,663,475</u>	<u>4,850,009</u>	<u>4,403,665</u>
OPERATING EXPENSES			
Automotive	93,000	137,365	93,947
Awards and recognition	5,000	4,806	65
Fire protection	57,750	48,410	49,535
Repairs and maintenance - building	33,750	29,082	29,829
Repairs and maintenance - equipment	100,000	107,128	86,262
Training	74,750	59,408	62,618
Utilities	36,750	36,560	32,303
	<u>401,000</u>	<u>422,759</u>	<u>354,559</u>
	<u>4,262,475</u>	<u>4,427,250</u>	<u>4,049,106</u>
ADMINISTRATIVE EXPENSES			
Advertising and promotion	8,000	4,906	4,357
Annual dinner	7,000	7,027	7,077
Convention, dues and subscriptions	6,500	4,741	2,182
Insurance	49,500	48,905	44,459
Office	43,250	57,593	39,318
Technical and professional fees	77,000	40,035	52,910
Rental	16,750	15,150	14,154
Telephone	20,250	20,540	22,188
Fireworks	2,500	5,897	-
	<u>230,750</u>	<u>204,794</u>	<u>186,645</u>
SURPLUS FROM OPERATIONS BEFORE WAGES, BENEFITS AND RELATED ITEMS	<u>4,031,725</u>	<u>4,222,456</u>	<u>3,862,461</u>
SURPLUS BEFORE WAGES AND BENEFITS			
Labour relations	20,750	24,367	12,246
Wages and benefits	2,944,850	3,175,499	3,065,268
	<u>2,965,600</u>	<u>3,199,866</u>	<u>3,077,514</u>
SURPLUS BEFORE OTHER ITEMS	<u>1,066,125</u>	<u>1,022,590</u>	<u>784,947</u>

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Operations *(continued)*
Year Ended December 31, 2023

	Budget 2023	Total 2023	Total 2022
OTHER ITEMS			
Amortization	225,000	214,107	219,439
Interest on debt	9,900	1,233	10,634
New firehall project	-	-	216,278
Contingency	-	-	-
	<u>234,900</u>	<u>215,340</u>	<u>446,351</u>
ANNUAL SURPLUS	<u>\$ 831,225</u>	<u>\$ 807,250</u>	<u>\$ 338,596</u>

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Changes in Accumulated Surplus
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 4,298,199	\$ 3,959,603
ANNUAL SURPLUS	<u>807,250</u>	<u>338,596</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 5,105,449</u>	<u>\$ 4,298,199</u>

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Changes in Net Financial Assets
Year Ended December 31, 2023

	Budget 2023	2023	2022
ANNUAL SURPLUS	\$ 831,225	\$ 807,250	\$ 338,596
Amortization of tangible capital assets including capital leases	225,000	214,107	219,438
Purchase of tangible capital assets including capital leases	-	(733,445)	(667,710)
Decrease (increase) in prepaid expenses	-	(1,931)	137,536
Decrease (increase) in inventory	-	(1,245)	-
	<u>225,000</u>	<u>(522,514)</u>	<u>(310,736)</u>
INCREASE IN NET FINANCIAL ASSETS	1,056,225	284,736	27,860
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	1,573,809	1,545,949
NET FINANCIAL ASSETS - END OF YEAR <i>(Note 3)</i>	<u>\$ 1,056,225</u>	<u>\$ 1,858,545</u>	<u>\$ 1,573,809</u>

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ 807,250	\$ 338,596
Item not affecting cash:		
Amortization of tangible capital assets including capital leases	214,107	219,439
	<u>1,021,357</u>	<u>558,035</u>
Changes in non-cash working capital:		
Accounts receivable	(152,960)	170,412
Accounts payable	55,830	(88,902)
Deferred revenue	2,571,000	(2,000,000)
Inventory	(1,245)	-
Prepaid expenses	(1,932)	137,535
Wages payable	(707)	109,896
Compensated absences and post-employment benefits	(2,472)	141,449
	<u>2,467,514</u>	<u>(1,529,610)</u>
Cash flow from (used by) operating activities	<u>3,488,871</u>	<u>(971,575)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets including capital leases	(736,393)	(667,710)
Long term Investments	210,459	(530,812)
Cash flow used by investing activities	<u>(525,934)</u>	<u>(1,198,522)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(57,325)	(51,261)
Cash flow used by financing activities	<u>(57,325)</u>	<u>(51,261)</u>
INCREASE (DECREASE) IN CASH FLOW	2,905,612	(2,221,358)
Cash - beginning of year	263,501	2,484,859
CASH - END OF YEAR (Note 3)	\$ 3,169,113	\$ 263,501

See notes to financial statements

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

1. **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.

2. **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:

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.

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Investments

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

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 aquisition, 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.

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

II. Inventory and prepaid expenses

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

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.

3. CASH

	2023	2022
Restricted cash	\$ 507,752	\$ 3,327
Unrestricted cash	2,661,361	260,174
	\$ 3,169,113	\$ 263,501

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.

4. TANGIBLE CAPITAL ASSETS INCLUDING CAPITAL LEASES

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
Land	\$ 801,492	\$ -	\$ -	\$ 801,492
Buildings	607,078	471,011	-	1,078,089
Computer equipment	63,446	-	-	63,446
Containers and storage	38,676	-	-	38,676
Equipment	971,934	-	-	971,934
Motor vehicles	3,669,975	-	-	3,655,468
Assets under construction	196,601	261,786	-	458,387

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SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

4. TANGIBLE CAPITAL ASSETS INCLUDING CAPITAL LEASES *(continued)*

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
	\$ 6,349,202	\$ 732,797	\$ -	\$ 7,067,492
<u>Accumulated Amortization</u>	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Buildings	\$ 439,692	\$ 31,920	\$ -	\$ 471,612
Computer equipment	57,899	1,664	-	59,563
Containers and storage	23,811	1,487	-	25,298
Equipment	693,185	55,750	-	748,935
Motor vehicles	2,437,758	108,132	-	2,545,890
	\$ 3,652,345	\$ 198,953	\$ -	\$ 3,851,298

<u>Net book value</u>	2023	2022
Land	\$ 801,492	\$ 801,492
Buildings	606,477	167,386
Computer equipment	3,883	5,547
Containers and storage	13,378	14,865
Equipment	222,999	278,749
Motor vehicles	1,109,578	1,232,217
Assets under construction	458,387	196,601
	\$ 3,216,194	\$ 2,696,857

5. OBLIGATIONS UNDER CAPITAL LEASE

	2023	2022
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.	\$ 60,623	\$ 120,895
Amounts payable within one year	(60,623)	(58,889)
	\$ -	\$ 62,006

Future minimum capital lease payments are approximately:

Total minimum payments	\$ 64,107
Less interest amount at 5.75%	(3,484)
	\$ 60,623

SALT SPRING ISLAND FIRE PROTECTION DISTRICT
Notes to Financial Statements
Year Ended December 31, 2023

6. 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.

7. 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 \$281,774 (2022 - \$238,589) on behalf of the employees.

8. 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.

9. SUBSEQUENT EVENTS

The following event occurred subsequent to the fiscal year end:

New Fire Hall Construction

The District is expected to begin construction of a new fire hall during the 2024 fiscal year. The total cost of this project is estimated to be \$12,500,000 which includes a 13% contingency. The total borrowing will not exceed \$9,700,000 as per the 2022 referendum. The borrowing term will be 20 years.

During the 2023 fiscal year, the Architect, Owners Representative and Construction Manager were contracted through public tender.

At the beginning of 2024, designs were completed and submitted for building permits. Public tendering will occur in April 2024 with construction beginning in June of 2024. The project is estimated to be complete by September 2025.
