

# **DUNDURN AND DISTRICT FIRE COMMISSION**

**Auditor's Report**

**Financial Statements**

**December 31, 2019**

## MANAGEMENT'S RESPONSIBILITY

To the Subscribers of  
**Dundurn and District Fire Commission:**

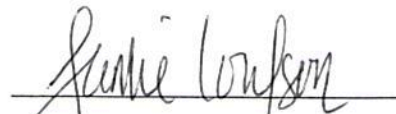
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Commission is composed primarily of Commissioners who are neither management nor employees of the Commission. The Commission is responsible for overseeing management in the performance of its financial reporting responsibilities. The Commission fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors.

Jensen Stromberg Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Commission to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

  
Chair

  
Administrator

Bill Jensen, C.P.A. Prof. Corp.

Jeff Stromberg, C.P.A. Prof. Corp.

## INDEPENDENT AUDITOR'S REPORT

To the **Chair of Dundurn and District Fire Commission**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **Dundurn and District Fire Commission**, which comprise the statement of financial position as at **December 31, 2019** and the statements of operations and changes in surplus, changes in net financial assets, cash flows and supporting schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

Canadian public sector accounting standards requires that the statements of operations and the statement of changes in net financial assets present a comparison of the results for the year to those originally planned. The Commission did not prepare a budget for the year ended **December 31, 2019**, so no budget information has been presented.

### *Qualified Opinion*

In our opinion, except for the failure to disclose the information described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Dundurn and District Fire Commission** as at **December 31, 2019**, and the results of its operations and changes in net financial assets, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan  
September 16, 2020

  
Chartered Professional Accountants

# DUNDURN AND DISTRICT FIRE COMMISSION

## STATEMENT OF FINANCIAL POSITION

December 31, 2019

2019

### ASSETS

Cash	\$	83,318
Term deposits		2,024
Accounts receivable		<u>87,716</u>
Total financial assets		<u>173,058</u>

### LIABILITIES

Accounts payable		<u>1,686</u>
Total liabilities		<u>1,686</u>

### NET FINANCIAL ASSETS

171,372

### Non-financial assets:

Capital assets

436,105

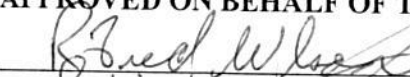
### NET ASSETS

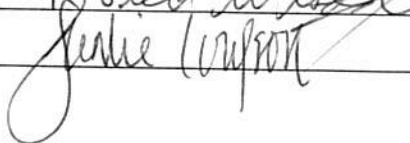
607,477

Accumulated surplus (Schedule 2)

\$ 607,477

### APPROVED ON BEHALF OF THE COMMISSION:

 Chair

 Administrator

See accompanying notes to the financial statements.

**DUNDURN AND DISTRICT FIRE COMMISSION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS**  
**Year ended December 31, 2019**

	<u>2019</u>
<b>Revenues:</b>	
Member levies	\$ 153,298
Fire protection services	70,014
Donations and fundraising	700
Interest and dividends	24
Restructuring revenue (Note 6)	<u>504,002</u>
Total Revenue	<u>728,038</u>
<b>Expenditures:</b>	
Amortization	26,023
Bad debt	2,238
Commission and firefighters wages	47,484
Contracted services	5,935
Insurance	807
Interest and bank charges	375
Memberships and licences	256
Office expenses	2,527
Repairs and maintenance	1,047
Supplies	23,097
Training	1,151
Utilities	5,296
911 dispatching services	<u>4,325</u>
Total Expenditures	<u>120,561</u>
Surplus of revenues over expenditures	607,477
Accumulated surplus, beginning of year	<u>-</u>
Accumulated surplus, end of year	<u>\$ 607,477</u>

See accompanying notes to the financial statements.

# DUNDURN AND DISTRICT FIRE COMMISSION

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2019

	<u>2019</u>
<b>Surplus (deficit)</b>	\$ <u>607,477</u>
(Acquisition) of tangible capital assets	(4,557)
Amortization of tangible capital assets	26,023
Proceeds on disposal of tangible capital assets	-
Loss (gain) on disposal of tangible capital assets	-
Transfer of assets/liabilities in restructuring transactions	<u>(457,571)</u>
<b>Surplus (deficit) of capital expenses over expenditures</b>	<u>(436,105)</u>
(Acquisition) of supplies inventories	-
(Acquisition) of prepaid expenses	-
Consumption of supplies inventories	-
Use of prepaid expenses	<u>-</u>
<b>Surplus (deficit) of expenses of other non-financial over expenditures</b>	<u>-</u>
<b>Increase (decrease) in Net Financial Assets</b>	171,372
<b>Net Financial Assets - Beginning of the year</b>	<u>-</u>
<b>Net Financial Assets - End of year</b>	<u>\$ 171,372</u>

See accompanying notes to the financial statements.

# DUNDURN AND DISTRICT FIRE COMMISSION

## STATEMENT OF CASH FLOW

Year ended December 31, 2019

2019

### Cash provided by (used in):

#### Operating activities:

Excess of revenues over expenditures	\$ 607,477
Items not involving an outlay of cash:	
Amortization	26,023
Restructuring (surplus) deficit	<u>(344,048)</u>
	289,452
Changes in non-cash working capital:	
Accounts receivable	(87,716)
Accounts payable and accrued liabilities	<u>1,685</u>

203,421

#### Investing activities:

Additions to capital assets	<u>(4,556)</u>
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#### Financing activities:

Long-term debt repaid	(100,618)
Lease obligations repaid	<u>(12,905)</u>
	<u>(113,523)</u>

Net change in cash during the year 85,342

Cash position, beginning of year -

Cash position, end of year \$ 85,342

Cash position is comprised of cash in bank plus term deposits.

See accompanying notes to the financial statements.

# DUNDURN AND DISTRICT FIRE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### 1. ESTABLISHMENT

The Dundurn & District Fire Commission (Commission) is an unincorporated association, created pursuant to Section 42 of *The Municipalities Act*, by joint agreement of the following municipalities:

Rural Municipality of Dundurn, No. 314

Town of Dundurn

Resort Village of Shields

Resort Village of Thode

The Commission was formed on January 1, 2019 for the purposes of providing firefighting and rescue equipment and personnel services to each of the Member Municipalities.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board. Significant aspects of the accounting policies are as follows.

#### (a) **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred amid measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

#### (b) **Tangible Capital Assets**

All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2019 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. The costs of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The Commission's tangible capital asset useful lives are estimated as follows:

Equipment	5 to 20 years - straight line
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Amortization is not taken until the year after acquisition at the above rates.

#### (ac) **Net-Financial Assets**

Net-financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

#### (d) **Non-Financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the Commission because they can be used to provide Commission services in future periods. These assets do not normally provide resources to discharge the liabilities of the Commission unless they are sold.



# DUNDURN AND DISTRICT FIRE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Measurement uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### (f) Appropriated Reserves

Reserves are established at the discretion of the Commission to designate surplus for future operating and capital transactions.

#### (g) New Accounting Standards

Effective January 1, 2019, the Commission adopted the following Canadian public sector accounting standard:

**PS 3430 Restructuring Transactions** defines a restructuring transaction and establishes standards for measuring assets and liabilities transferred in a restructuring transaction. The Commission had one restructuring transaction in the current year (Note 6).

### 3. CHANGE IN ESTIMATE

During the year, management revised the estimated useful lives of its tangible capital assets. As a result, amortization expense decreased by \$35,485.

### 4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment	\$ <u>619,636</u>	<u>183,531</u>	<u>436,105</u>

# DUNDURN AND DISTRICT FIRE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### 5. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

A number of new and amended standards have been issued that may impact the Commission:

#### **Standards Effective On Or After April 1, 2021**

**PS 1201, Financial Statement Presentation** requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

**PS 2601, Foreign Currency Translation** requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses.

**PS 3041, Portfolio Investments** has removed the distinction between temporary and portfolio investments. This section was amended to conform to PS 3450, Financial Instruments and now includes pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments will no longer apply.

**PS 3450, Financial Instruments** establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

**PS 3280 Asset Retirement Obligations** is a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of the new standard, existing Solid Waste Landfill Closure and Post-Closure Liability Section 3270 will be withdrawn

#### **Standards Effective On Or After April 1, 2022**

**PS 3400 Revenue** is a new standard establishing guidance on the recognition, measurement, presentation and disclosure of revenue

The Commission continues to assess the impacts of the above accounting standards. The extent of impact resulting from the adoption of these standards is not known at this time.

# DUNDURN AND DISTRICT FIRE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

### 6. RESTRUCTURING TRANSACTION

On January 1, 2019 the Commission received the transfer of protective services assets and liabilities and the responsibility for the ongoing operation of the assets from the Rural Municipality of Dundurn No. 314. The restructuring was for the purpose of constituting and creating a First Response and Fire Fighting Commission. The assets and liabilities have been recorded at carrying value at the time of transfer, totalling \$506,486 (Schedule 3). This amount has been recorded as revenue during the year. The restructuring process did not incur any significant restructuring-related costs.

# DUNDURN AND DISTRICT FIRE COMMISSION

Schedule 1

## SCHEDULE OF ASSETS

Year ended December 31, 2019

	<b>Total 2019</b>
<b>Asset Cost</b>	
Opening Asset costs	\$ -
Additions during the year	4,556
Transfer related to restructuring (Schedule 3)	<u>764,847</u>
	<u>769,403</u>
<b>Accumulated Amortization Cost</b>	
Amortization taken	26,023
Transfer related to restructuring (Schedule 3)	<u>307,275</u>
<b>Closing Accumulated Amortization Costs</b>	<u>333,298</u>
<b>Net Book Value</b>	<u>\$ 436,105</u>

See accompanying notes to the financial statements.

## DUNDURN AND DISTRICT FIRE COMMISSION

## SCHEDULE OF ACCUMULATED SURPLUS

Year ended December 31, 2019

	<u>2018</u>	<u>Changes</u>	<u>2019</u>
UNAPPROPRIATED SURPLUS	\$ -	173,856	173,856
APPROPRIATED RESERVES			
Total Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets	-	400,620	400,620
Less: Related debt	<u>-</u>	<u>-</u>	<u>-</u>
Net Investment in Tangible Capital Assets	<u>-</u>	<u>400,620</u>	<u>400,620</u>
Total Accumulated Surplus	\$ <u>-</u>	<u>574,475</u>	<u>574,475</u>

See accompanying notes to the financial statements.

**DUNDURN AND DISTRICT FIRE COMMISSION**

**SCHEDULE OF RESTRUCTURING**

Year ended December 31, 2019

**Carrying Amount of Assets and Liabilities Transferred/Received at Restructuring Date**

Cash and temporary investments	\$ 144,508
Accounts receivable	16,696
Accounts payable	(1,251)
Long-term debt	(100,618)
Lease obligations	(12,905)
Tangible capital assets	<u>457,572</u>
<b>Total Net Carrying Amount Received (Transferred)</b>	<b><u>\$ 504,002</u></b>

See accompanying notes to the financial statements.