

DUNDURN AND DISTRICT FIRE COMMISSION

Auditor's Report

Financial Statements

December 31, 2020

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of **Dundurn and District Fire Commission**, which comprise the statement of financial position as at **December 31, 2020** and the statements of financial activities, changes in net financial assets, and changes in financial position 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 Commission as at **December 31, 2020** and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Commission in accordance with the 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 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.

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

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

Auditor's Responsibility 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 Commission'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 Commission'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 Commission 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.

Saskatoon, Saskatchewan
June 10, 2021



Chartered Professional Accountants

DUNDURN AND DISTRICT FIRE COMMISSION

STATEMENT OF FINANCIAL POSITION

December 31, 2020
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 30,416	83,318
Cash - in trust	68,536	-
Term deposits (Note 3)	102,232	2,024
Accounts receivable	<u>21,321</u>	<u>87,716</u>
Total financial assets	<u>222,505</u>	<u>173,058</u>
<u>LIABILITIES</u>		
Accounts payable	13,788	1,686
Lease obligations (Note 5)	<u>304,498</u>	<u>-</u>
Total liabilities	<u>318,286</u>	<u>1,686</u>
NET FINANCIAL ASSETS (DEBT)	(95,781)	171,372
Non-financial assets:		
Capital assets (Schedule 1)	<u>768,166</u>	<u>436,105</u>
Accumulated surplus (Deficit)	\$ <u>672,385</u>	<u>607,477</u>

APPROVED ON BEHALF OF THE COMMISSION:

_____ Chair

_____ Commissioner

See accompanying notes to the financial statements.

DUNDURN AND DISTRICT FIRE COMMISSION

STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2020
with comparative figures for 2019

	<u>Budget</u> <u>2020</u>	<u>Actual</u> <u>2020</u>	<u>Actual</u> <u>2019</u>
Revenues:			
Donations	\$ -	1,200	700
Fire protection services	52,500	49,765	70,014
Interest	-	1,220	24
Member levies	153,650	153,650	153,298
Restructuring revenue	<u>-</u>	<u>-</u>	<u>504,002</u>
	<u>206,150</u>	<u>205,835</u>	<u>728,038</u>
Total Revenue	<u>206,150</u>	<u>205,835</u>	<u>728,038</u>
Expenditures:			
Accounting and legal	-	4,791	-
Amortization	-	24,764	26,023
Bad debt	-	2,000	2,238
Commission and firefighters wages	51,000	47,460	47,484
Contracted services	5,500	1,474	1,901
Insurance	8,000	8,070	807
Interest and bank charges	300	122	375
Interest on capital leases	-	10,828	-
Memberships and licences	5,500	6,796	5,860
Office expenses	1,500	1,371	2,527
Rent	-	850	-
Repairs and maintenance	7,000	5,155	5,080
Supplies	31,100	29,865	17,493
Training	3,000	979	1,151
Utilities	6,150	5,972	5,296
911 dispatching services	<u>-</u>	<u>4,325</u>	<u>4,325</u>
Total Expenditures	<u>119,050</u>	<u>154,822</u>	<u>120,560</u>
Operating surplus (deficit)	87,100	51,013	607,478
Gain on disposal of capital assets	<u>-</u>	<u>13,896</u>	<u>-</u>
Surplus (deficit) of revenues over expenditures	87,100	64,909	607,478
Accumulated surplus (deficit), beginning of year	<u>-</u>	<u>607,477</u>	<u>-</u>
Accumulated surplus (deficit), end of year	<u>\$ 87,100</u>	<u>672,385</u>	<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, 2020
with comparative figures for 2019

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Surplus (deficit)	\$ <u>87,100</u>	<u>64,909</u>	<u>607,478</u>
(Acquisition) of tangible capital assets	-	(371,880)	(4,556)
Amortization of tangible capital assets	-	24,764	26,021
Proceeds on disposal of tangible capital assets	-	28,950	-
Loss (gain) on disposal of tangible capital assets	-	(13,896)	-
Transfer of assets/liabilities in restructuring transactions	<u>-</u>	<u>-</u>	<u>(457,571)</u>
Surplus (deficit) of capital expenses over expenditures	<u>-</u>	<u>(332,062)</u>	<u>(436,106)</u>
(Acquisition) of supplies inventories	-	-	-
(Acquisition) of prepaid expenses	-	-	-
Consumption of supplies inventories	-	-	-
Use of prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (deficit) of expenses of other non-financial over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Net Financial Assets	87,100	(267,153)	171,372
Net Financial Assets (Debt) - Beginning of the year	<u>171,372</u>	<u>171,372</u>	<u>-</u>
Net Financial Assets (Debt) - End of year	\$ <u><u>258,472</u></u>	<u><u>(95,781)</u></u>	<u><u>171,372</u></u>

See accompanying notes to the financial statements.

DUNDURN AND DISTRICT FIRE COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 2020
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 64,909	607,478
Items not involving an outlay of cash:		
Amortization	24,764	26,023
Loss on disposal of capital assets	(13,896)	-
Restructuring (surplus) deficit	<u>-</u>	<u>(346,073)</u>
	<u>75,777</u>	<u>287,428</u>
Changes in non-cash working capital:		
Accounts receivable	66,395	(87,716)
Accounts payable and accrued liabilities	<u>12,101</u>	<u>1,685</u>
	<u>154,273</u>	<u>201,397</u>
Investing activities:		
Additions to capital assets	(371,879)	(4,556)
Proceeds on disposal of capital assets	28,950	-
(Increase) decrease in term deposits	<u>(100,208)</u>	<u>-</u>
	<u>(443,137)</u>	<u>(4,556)</u>
Financing activities:		
Long-term debt repaid	-	(100,618)
Lease obligations issued	349,156	-
Lease obligations repaid	<u>(44,658)</u>	<u>(12,905)</u>
	<u>304,498</u>	<u>(113,523)</u>
Net change in cash during the year	15,634	83,318
Cash position, beginning of year	<u>83,318</u>	<u>-</u>
Cash position, end of year	<u>\$ 98,952</u>	<u>83,318</u>

Cash position is comprised of cash in bank plus cash held in trust.

See accompanying notes to the financial statements.

DUNDURN AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 and 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	10 to 20 years - straight line
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Amortization is not taken until the year after acquisition at the above rates.

(c) **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.

DUNDURN AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

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.

3. TERM DEPOSITS

Short-term investments

	<u>2020</u>	<u>2019</u>
Operating reserve - 0.75% RBC GIC, maturing June 2021	\$ 50,194	\$ -
Capital reserve - 0.40% RBC GIC, maturing December 2021	50,014	-
0.0% RBC GIC, maturing October 2021	<u>2,024</u>	<u>2,024</u>
	<u>\$ 102,232</u>	<u>\$ 2,024</u>

4. CAPITAL ASSETS

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ <u>952,651</u>	<u>184,485</u>	<u>768,166</u>	<u>436,105</u>

Equipment includes assets under capital lease of \$356,529 with accumulated amortization of \$0. Amortization is recorded at 20% per year commencing the year after acquisition using the declining balance method.

DUNDURN AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

5. LEASE COMMITMENTS

Future minimum lease payments under the capital lease together with the balance of the obligation due under capital leases are as follows:

2021	\$	39,587
2022		39,587
2023		39,587
2024		39,587
2025		39,587
Thereafter		<u>158,351</u>
Total future minimum lease payments		356,286
Amounts representing interest at a weighted average of 3%		<u>(51,788)</u>
Capital lease liability	\$	<u><u>304,498</u></u>

6. COMPARATIVE FIGURES

The prior year's comparative figures have been reclassified to conform to the current year's method of presentation. Excess of revenues over expenditures was not affected.

7. BUDGET

The Financial Plan (Budget) adopted by Commission on September 16, 2020 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets include the following adjustments:

		<u>2020</u>
Budget net surplus		\$ 6,958
Add:	Investment in tangible capital assets	8,400
	Transfer to reserves	50,000
	Capital lease payments	<u>21,742</u>
Budget surplus per statement of operations		\$ <u><u>87,100</u></u>

DUNDURN AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

8. 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, 2022

PS 1201 Financial Statement Presentation replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of re-measurement gains and losses separate from the statement of operations 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. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign Currency Translation replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a 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 replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

PS 3450 Financial Instruments is a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instrument 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 accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

Standards Effective On Or After April 1, 2023

PS 3400 Revenue is a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

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**SCHEDULE OF ASSETS**

Year ended December 31, 2020
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
Asset Cost		
Opening Asset costs	\$ 436,105	-
Additions during the year	371,879	4,556
Transfer related to restructuring	-	764,847
Disposals during the year	<u>(38,865)</u>	<u>-</u>
	<u>769,119</u>	<u>769,403</u>
Accumulated Amortization Cost		
Amortization taken	24,764	26,023
Less: Accumulated amortization on disposals	(23,811)	-
Transfer related to restructuring	<u>-</u>	<u>307,275</u>
Closing Accumulated Amortization Costs	<u>953</u>	<u>333,298</u>
Net Book Value	<u>\$ 768,166</u>	<u>436,105</u>

See accompanying notes to the financial statements.

DUNDURN AND DISTRICT FIRE COMMISSION

SCHEDULE OF ACCUMULATED SURPLUS

Year ended December 31, 2020

	<u>2019</u>	<u>Changes</u>	<u>2020</u>
UNAPPROPRIATED SURPLUS	\$ <u>171,372</u>	<u>(62,655)</u>	<u>108,717</u>
APPROPRIATED RESERVES			
Capital	-	50,000	50,000
Operating	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Appropriated	<u>-</u>	<u>100,000</u>	<u>100,000</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets	436,105	332,061	768,166
Less: Related debt	<u>-</u>	<u>(304,498)</u>	<u>(304,498)</u>
Net Investment in Tangible Capital Assets	<u>436,105</u>	<u>27,563</u>	<u>463,668</u>
Total Accumulated Surplus	<u>\$ 607,477</u>	<u>64,908</u>	<u>672,385</u>

See accompanying notes to the financial statements.