

**Mill Bay Fire Protection District**  
**Financial Statements**

*December 31, 2020*

# Mill Bay Fire Protection District

## Contents

*For the year ended December 31, 2020*

---

	<b>Page</b>
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Debt	3
Statement of Cash Flows	4
<b>Notes to the Financial Statements</b>	5
<b>Schedules</b>	
Schedule 1 - Segmented Information	9
Schedule 2 - Operations	10
Schedule 3 - Renewal Reserve Fund	11
Schedule 4 - Equity in Tangible Capital Assets	12

---

## Independent Auditor's Report

---

To the Board of Trustees of Mill Bay Fire Protection District:

### Opinion

We have audited the financial statements of Mill Bay Fire Protection District (the "District"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows and related schedules 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 District as at December 31, 2020, and the results of its operations and its 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 District 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 the 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

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

### 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 District'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 District'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 District 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.

Nanaimo, British Columbia

May 25, 2021

*MNP LLP*

Chartered Professional Accountants

**Mill Bay Fire Protection District**  
**Statement of Financial Position**  
*As at December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Financial Assets</b>		
Cash and short-term investments	953,623	997,605
Restricted cash and short-term investments	201,232	261,280
Goods and Services Tax rebate receivable	74,890	62,867
Interest receivable	3,122	1,368
	<b>1,232,867</b>	<b>1,323,120</b>
<b>Financial Liabilities</b>		
Accounts payable and accruals	52,375	21,109
Capital tax advance debt (Note 3)	2,253,228	2,530,341
	<b>2,305,603</b>	<b>2,551,450</b>
<b>Net Debt</b>	<b>(1,072,736)</b>	<b>(1,228,330)</b>
Significant event (Note 4)		
<b>Non-Financial Assets</b>		
Prepaid expenses	15,579	19,408
Tangible capital assets (Note 5)	4,242,770	4,232,234
	<b>4,258,349</b>	<b>4,251,642</b>
<b>Accumulated Surplus (Note 6)</b>	<b>3,185,613</b>	<b>3,023,312</b>

Approved on behalf of the Trustees

  
 Trustee

  
 Trustee

**Mill Bay Fire Protection District**  
**Statement of Operations and Accumulated Surplus**  
*For the year ended December 31, 2020*

	2020	2020	2019
	<i>Budget</i> <i>(Note 7)</i>		
<b>Revenue</b>			
Operating tax advance	1,050,000	1,050,000	935,000
Capital tax advances	-	354,102	265,695
Other	-	42,308	44,546
Interest	-	9,771	11,625
	<b>1,050,000</b>	<b>1,456,181</b>	1,256,866
<b>Expenses</b>			
Advertising	9,000	6,312	13,153
Amortization	-	257,366	237,559
Business taxes and licenses	7,000	4,556	6,660
Calls, duty and drills	170,000	170,000	140,000
Fuel	15,000	14,101	14,051
Insurance	57,000	44,860	33,155
Interest and bank charges	-	1,267	1,774
Interest on long-term debt	-	76,992	75,141
Office and administration	52,500	16,654	36,685
Prevention	7,000	6,964	9,018
Professional fees	16,000	11,120	18,918
Repairs and maintenance	52,000	63,187	63,806
Replacement and renewals	41,000	104,804	79,925
Safety supplies, consumables and freight	4,500	4,881	8,780
Salaries and benefits	310,000	367,061	312,634
Telephone	8,000	5,041	6,731
Testing and certification	12,000	4,931	12,843
Training	132,000	90,141	106,201
Utilities	34,000	43,642	33,818
	<b>927,000</b>	<b>1,293,880</b>	1,210,852
<b>Annual surplus before other items</b>	<b>123,000</b>	<b>162,301</b>	46,014
<b>Other Income and Expenses</b>			
Loss on disposal of tangible capital assets	-	-	<b>(30,838)</b>
<b>Annual surplus</b>	<b>123,000</b>	<b>162,301</b>	15,176
<b>Accumulated surplus, beginning of year</b>	<b>3,023,312</b>	<b>3,023,312</b>	3,008,136
<b>Accumulated surplus, end of year</b>	<b>3,146,312</b>	<b>3,185,613</b>	3,023,312

The accompanying notes are an integral part of these financial statements

**Mill Bay Fire Protection District**  
**Statement of Change in Net Debt**  
*For the year ended December 31, 2020*

	<b>2020 Budget (Note 7)</b>	<b>2020</b>	<b>2019</b>
<b>Annual surplus</b>	<b>123,000</b>	<b>162,301</b>	15,176
Amortization	-	<b>257,366</b>	237,559
Prepaid expenses	-	<b>3,830</b>	(6,337)
Purchase of tangible capital assets	<b>(69,000)</b>	<b>(267,903)</b>	(883,620)
Loss on disposal of tangible capital assets	-	-	30,838
Proceeds on disposition of tangible capital assets	-	-	50,000
		<b>(6,707)</b>	(571,560)
<b>Change in net debt</b>	<b>54,000</b>	<b>155,594</b>	(556,384)
<b>Net debt, beginning of year</b>	<b>(1,228,330)</b>	<b>(1,228,330)</b>	(671,946)
<b>Net debt, end of year</b>	<b>(1,174,330)</b>	<b>(1,072,736)</b>	(1,228,330)

# Mill Bay Fire Protection District

## Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	162,301	15,176
Amortization	257,366	237,559
Loss on disposal of tangible capital assets	-	30,838
Change in prepaid expenses	3,830	(6,337)
Change in Goods and Services Tax rebate receivable	(12,023)	(41,907)
Change in interest receivable	(1,754)	7,321
Change in accounts payable and accruals	31,266	(18,064)
	<b>440,986</b>	224,586
<b>Investing activities</b>		
Proceeds on disposition of tangible capital assets	-	50,000
Purchase of tangible capital assets	(267,903)	(883,620)
	<b>(267,903)</b>	(833,620)
<b>Financing activities</b>		
Capital tax advance Bylaw #157	-	958,579
Repayment of capital tax advance debt	(277,113)	(199,133)
	<b>(277,113)</b>	759,446
<b>Increase (decrease) in cash resources</b>	<b>(104,030)</b>	150,412
<b>Cash resources, beginning of year</b>	<b>1,258,885</b>	1,108,473
<b>Cash resources, end of year</b>	<b>1,154,855</b>	1,258,885
<b>Cash consists of:</b>		
Cash and short-term investments	953,623	997,605
Restricted cash and short-term investments	201,232	261,280
	<b>1,154,855</b>	1,258,885



# Mill Bay Fire Protection District

## Notes to the Financial Statements

For the year ended December 31, 2020

---

### 1. ***Incorporation and operations***

Mill Bay Fire Protection District (the "District") was incorporated under the Municipal Act of the Province of British Columbia in order to carry out the functions of a Fire Protection District. Under Section 149(1)(c) of the Income Tax Act, the Fire Protection District is exempt from taxation.

### 2. ***Significant accounting policies***

These financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the public sector accounting board of CPA Canada which encompasses the following principles:

#### ***Fund accounting***

The District records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The statement of financial position of the District includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The District maintains a capital fund which accounts for the tangible capital assets of the District and an operations fund which includes the operations of the District. The operations fund is split into two categories. Operations accounts for the day-to-day activities of providing services and the renewal reserve, which was established to fund purchases and replacement of tangible capital assets. The renewal reserve can only be disbursed through a Bylaw. Details of the operations of each program are set out in the supplementary schedules.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst programs have not necessarily been eliminated on the individual schedules.

#### ***Tangible capital assets***

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized over their estimated useful lives (ranging from 5 to 50 years) or on a straight-line basis.

#### ***Revenue recognition***

Revenue is accounted for in the period in which the transactions or events occur that give rise to the revenue. Government transfers, from the Province of British Columbia, such as the operating tax advance, are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Interest and other income are recognized as revenue as earned on an accrual basis.

#### ***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period.

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 periods in which they become known.

#### ***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### ***Short-term investments***

Short-term investments consist of various term deposits due within one year.

**Mill Bay Fire Protection District**  
**Notes to the Financial Statements**

*For the year ended December 31, 2020*

**2. Significant accounting policies (Continued from previous page)**

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2020.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2020 the District has not recorded any liability for contaminated sites as no sites exist.

**3. Capital tax advance debt**

	<b>2020</b>	<b>2019</b>
Province of BC (Bylaw #80) loan bearing interest at 6% per annum, repayable in annual blended payments of \$75,181. The loan matures on December 31, 2021 and is issued under Bylaw #102 (Ladder Truck - 2002).	<b>70,925</b>	137,836
Province of BC (Bylaw #94) loan bearing interest at 4.45% per annum, repayable in annual blended payments of \$62,977. The loan matures on December 31, 2021.	<b>60,294</b>	118,019
Province of BC (Bylaw #109) loan bearing interest at 3.7% per annum, repayable in annual blended payments of \$34,994. The loan matures on December 31, 2029.	<b>263,782</b>	288,116
Province of BC (Bylaw #132) loan bearing interest at prime plus 0.25% per annum. Repayable in annual blended payments of \$92,544. The loan matures on December 31, 2033.	<b>968,650</b>	1,027,791
Province of BC (Bylaw #157) loan bearing interest at 3.20% per annum. Repayable in annual blended payments of \$81,463. The loan matures on December 31, 2034.	<b>889,577</b>	958,579
	<b>2,253,228</b>	<b>2,530,341</b>

**Mill Bay Fire Protection District**  
**Notes to the Financial Statements**

*For the year ended December 31, 2020*

**3. Capital tax advance debt (Continued from previous page)**

The five-year principal repayment schedule for capital tax advance debt is as follows:

	2025	2024	2023	2022	2021
Bylaw #80	-	-	-	-	70,925
Bylaw #94	-	-	-	-	60,384
Bylaw #109	29,180	28,139	27,136	26,167	25,234
Bylaw #132	69,396	67,212	65,097	63,048	61,063
Bylaw #157	58,259	56,452	54,702	53,006	51,362
	<u>156,835</u>	<u>151,803</u>	<u>146,935</u>	<u>142,221</u>	<u>268,968</u>

**4. Significant event**

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the full extent of the impact the COVID-19 outbreak may have on the District, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the District's business and financial condition.

**5. Tangible capital assets**

	Cost	Accumulated amortization	<b>2020 Net Book Value</b>	2019 Net Book Value
Main hall	1,787,771	677,523	<b>1,110,248</b>	1,080,943
Satellite hall	1,263,370	176,185	<b>1,087,185</b>	1,112,606
Satellite well	7,328	4,544	<b>2,784</b>	2,931
Land	140,000	-	<b>140,000</b>	140,000
Firetrucks	3,047,672	1,445,464	<b>1,602,208</b>	1,635,398
Vehicles	223,233	58,872	<b>164,361</b>	86,899
Office furniture and equipment	22,380	12,375	<b>10,005</b>	14,481
Tools and equipment	275,315	158,225	<b>117,090</b>	144,621
Computers	27,326	18,437	<b>8,889</b>	14,355
	<u>6,794,395</u>	<u>2,551,625</u>	<b><u>4,242,770</u></b>	<u>4,232,234</u>

**Mill Bay Fire Protection District**  
**Notes to the Financial Statements**

*For the year ended December 31, 2020*

**6. Accumulated Surplus**

Accumulated Surplus consists as follows:

	2020	2019
Operations	748,529	954,063
Renewal Reserve	447,544	367,356
Equity in TCA	1,989,540	1,701,893
	3,185,613	3,023,312

**7. Budget**

Budget figures represent the budget adopted by the Board on October 22, 2019. The following schedule reconciles the surplus as presented in the budget as approved by the Board to the surplus as shown on the Statement of Operations.

Budgeted surplus as approved by Trustees	-
Transfer to renewal reserve	85,000
Purchases of tangible capital assets	<u>38,000</u>
 Budgeted annual surplus, as per Statement of Operations	 <u>123,000</u>

**8. Environmental regulations**

The District makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards. Amounts required to meet these obligations will be charged to operations or set aside as future reserves when they can be reasonably estimated.

**9. Financial instruments**

The District as part of its operations carries a number of financial instruments. The District's financial instruments consist of cash, short-term investments, and accounts payable. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**10. Economic dependence**

The District's primary source of income is funding from the Province of British Columbia. The funding can be cancelled if the District does not observe certain established guidelines. The District's ability to continue viable operations is dependent upon maintaining those established guidelines. As at the date of these financial statements the District believes that it is in compliance with the guidelines.

**Mill Bay Fire Protection District**  
**Schedule 1 - Segmented Information**  
*For the year ended December 31, 2020*

	Operations	Renewal Reserve	Tangible Capital Assets	2020
<b>Revenue</b>				
Operating tax advance	965,000	85,000	-	1,050,000
Capital tax advances	354,102		-	354,102
Other	42,308		-	42,308
Interest	5,852	3,919	-	9,771
	1,367,262	88,919	-	1,456,181
<b>Expenses</b>				
Advertising	6,312	-	-	6,312
Amortization	-	-	257,366	257,366
Business taxes and licenses	4,556	-	-	4,556
Calls, duty and drills	170,000	-	-	170,000
Fuel	14,101	-	-	14,101
Insurance	44,860	-	-	44,860
Interest and bank charges	170	1,097	-	1,267
Interest on long-term debt	76,992	-	-	76,992
Office and administration	16,654	-	-	16,654
Prevention	6,964	-	-	6,964
Professional fees	11,120	-	-	11,120
Repairs and maintenance	63,187	-	-	63,187
Replacement and renewals	104,804	-	-	104,804
Safety supplies, consumables and freight	4,881	-	-	4,881
Salaries and benefits	367,061	-	-	367,061
Telephone	5,041	-	-	5,041
Testing and certification	4,931	-	-	4,931
Training	90,141	-	-	90,141
Utilities	43,642	-	-	43,642
	1,035,417	1,097	257,366	1,293,880
<b>Excess (deficiency) of Revenue over Expenses</b>	331,845	87,822	(257,366)	162,301
<b>Other Income and Expenses</b>				
Loss on disposal of tangible capital assets	-	-	-	-
<b>Annual surplus (deficit)</b>	331,845	87,822	(257,366)	162,301
<b>Transfers</b>				
Net transfers to fund tangible capital asset acquisitions	(260,269)	(7,634)	267,903	-
Transfer to fund principal payments	(277,110)	-	277,110	-
<b>Accumulated surplus, beginning of year</b>	954,063	367,356	1,701,893	3,023,312
	416,684	359,722	2,246,906	3,023,312
<b>Accumulated surplus, end of year</b>	748,529	447,544	1,989,540	3,185,613

The accompanying notes are an integral part of these financial statements

**Mill Bay Fire Protection District**  
**Schedule 2 - Operations**  
*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Operating tax advance	965,000	860,000
Capital tax advances	354,102	265,695
Other	42,308	44,546
Interest	5,852	8,310
	<b>1,367,262</b>	<b>1,178,551</b>
<b>Expenses</b>		
Advertising	6,312	13,153
Business taxes and licenses	4,556	6,660
Calls, duty and drills	170,000	140,000
Fuel	14,101	14,051
Insurance	44,860	33,155
Interest and bank charges	170	1,766
Interest on long-term debt	76,992	75,141
Office and administration	16,654	36,685
Prevention	6,964	9,018
Professional fees	11,120	18,918
Repairs and maintenance	63,187	63,806
Replacement and renewals	104,804	79,925
Safety supplies, consumables and freight	4,881	8,780
Salaries and benefits	367,061	312,634
Telephone	5,041	6,731
Testing and certification	4,931	12,843
Training	90,141	106,201
Utilities	43,642	33,818
	<b>1,035,417</b>	<b>973,285</b>
<b>Other Income and Expenses</b>		
Loss on disposal of assets	-	(30,838)
	<b>331,845</b>	<b>174,428</b>
<b>Transfers</b>		
Transfers with renewal reserve	-	-
Transfer to fund tangible capital asset acquisitions	(260,269)	155,799
Transfer to fund principal payments	(277,110)	(199,133)
	<b>(537,379)</b>	<b>(43,334)</b>
<b>Accumulated surplus, beginning of year</b>	<b>954,063</b>	<b>822,969</b>
<b>Accumulated surplus, end of year</b>	<b>748,529</b>	<b>954,063</b>

The accompanying notes are an integral part of these financial statements

**Mill Bay Fire Protection District**  
**Schedule 3 - Renewal Reserve Fund**  
*For the year ended December 31, 2020*

---

	2020	2019
<b>Revenue</b>		
Operating tax advance	85,000	75,000
Interest	3,919	3,315
	<b>88,919</b>	<b>78,315</b>
<b>Expenses</b>		
Interest and bank charges	1,097	8
<b>Annual surplus</b>	<b>87,822</b>	<b>78,307</b>
<b>Accumulated surplus, beginning of year</b>	<b>367,356</b>	289,049
Transfers	<b>(7,634)</b>	-
<b>Accumulated surplus, end of year</b>	<b>447,544</b>	367,356

---

The accompanying notes are an integral part of these financial statements

**Mill Bay Fire Protection District**  
**Schedule 4 - Equity in Tangible Capital Assets**  
*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Expenses</b>		
Amortization	<b>257,366</b>	237,559
<b>Annual deficit</b>	<b>(257,366)</b>	(237,559)
<b>Accumulated surplus, beginning of year</b>	<b>1,701,893</b>	1,896,118
<b>Transfers</b>		
Transfers of new capital tax advance debt	-	(958,579)
Transfers to fund tangible capital asset acquisitions	<b>267,903</b>	883,620
Transfers on disposal of tangible capital assets	-	(80,840)
Transfers to fund principal payments	<b>277,110</b>	199,133
	<b>545,013</b>	43,334
<b>Accumulated surplus, end of year</b>	<b>1,989,540</b>	1,701,893

*The accompanying notes are an integral part of these financial statements*