

Sundre Fire Department

Financial Statements
For the year ended December 31, 2008



Town of Sundre

Management's Responsibility for Financial Statements

The accompanying financial statements of the Sundre Fire Department (the "Department") are the responsibility of management. The financial statements have been prepared in conformity with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, results of operation and changes in financial position of the Department within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

The Town of Sundre is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Town of Sundre carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by Chengkalath Van Eyck, Chartered Accountants, who were appointed by Town of Sundre. Chengkalath Van Eyck have full and unrestricted access to management and Sundre Fire Department to discuss their audit and related findings as to the integrity of the Department's financial reporting. The Auditor's Report outlining the scope of their examination and their opinion on the financial statements is presented on the following page.

Roy Cummings
Mayor

Wanda Watson-Neufeld
Director of Corporate Services

November 27, 2009

Auditors' Report

To the Mayor and Council of the Town of Sundre

We have audited the statement of financial position of Sundre Fire Department as at December 31, 2008 and the statements of operations and changes in fund balances. These financial statements are the responsibility of the Department's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at December 31, 2008 and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles.

Chengkalath Van Eyck
Chartered Accountants

November 27, 2009

**Sundre Fire Department
Statement of Financial Position
As at December 31, 2008**

	2008	2007
Assets		
Current		
Cash and short-term deposits	\$ 132,333	\$ 144,243
Accounts receivable	<u>14,020</u>	<u>5,358</u>
	<u>146,353</u>	<u>149,601</u>
Property, plant and equipment		
Fire fighting equipment	261,574	261,574
Furniture and fixtures	4,494	4,494
Vehicles	<u>498,218</u>	<u>498,218</u>
	<u>764,286</u>	<u>764,286</u>
Other assets		
Shares	980	872
	<u>\$ 911,619</u>	<u>\$ 914,759</u>
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities	\$ 30,030	\$ 43,440
Equity		
Equity in physical assets	764,286	764,285
Reserves (Schedule 2)	<u>117,303</u>	<u>107,034</u>
	<u>881,589</u>	<u>871,319</u>
	<u>\$ 911,619</u>	<u>\$ 914,759</u>

On behalf of the Department

 _____ Mayor

 _____ Director of Corporate Services

**Sundre Fire Department
Statement of Operations
Year ended December 31, 2008**

	2008	2007
Revenue		
Local government transfers	\$ 142,650	\$ 123,570
Highway calls	-	9,480
Interest	1,002	1,328
Other	-	4,000
	<u>143,652</u>	<u>138,378</u>
Expenditures		
Administration	18,939	6,600
Fuel	10,564	7,737
Honorarium	19,137	18,558
Contingency	596	2,430
Insurance	4,829	5,558
Other expenses	680	340
Professional fees	2,500	2,000
Repairs and maintenance	18,788	23,376
Small equipment purchases	9,859	12,453
Supplies	7,992	9,370
Telephone, radio and utilities	29,059	22,066
Training	10,440	12,332
	<u>133,383</u>	<u>122,820</u>
Excess of revenue over expenditures		
(Changes in fund balances)	<u>\$ 10,269</u>	<u>\$ 15,558</u>

Schedule 1

**Sundre Fire Department
Statement of Changes in Fund Balances
Year ended December 31, 2008**

	2008	2007
Revenue		
Local government transfers	\$ 142,650	\$ 123,570
Highway calls	-	9,480
Interest	1,002	1,328
Other	-	4,000
	<u>143,652</u>	<u>138,378</u>
Expenditures		
Administration	18,939	6,600
Small equipment purchases	9,859	12,453
Fuel	10,564	7,737
Insurance	4,829	5,558
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Repairs and maintenance	18,788	23,376
Supplies	7,992	9,370
Telephone, radio and utilities	29,059	22,066
Training	10,440	12,332
	<u>133,383</u>	<u>122,820</u>
Excess of revenue over expenditures	10,269	15,558
Net interfund transfers:		
Transfer to reserve fund	(10,269)	(15,558)
Changes in fund balances	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Schedule 2

Sundre Fire Department
Schedule of Reserves
Year ended December 31, 2008

	2008	2007
Balance at the beginning of the year	\$ 107,034	\$ 91,476
Add (deduct):		
Transfer from operating fund	10,269	15,558
	<u>10,269</u>	<u>15,558</u>
Balance at the end of year (Note 3)	\$ <u>117,303</u>	\$ <u>107,034</u>

Sundre Fire Department
Notes to Financial Statements
Year ended December 31, 2008

1. General

The Sundre Fire Department was established by joint agreement between the Town of Sundre and Mountain View County to provide fire fighting services to the town and surrounding rural areas.

2. Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

(a) Physical assets

Physical assets are recorded at cost, except for donated materials that are recorded at their estimated fair value, if donated materials would otherwise be paid for if not donated.

Government contributions for the acquisition of physical assets are recorded as capital revenue and do not reduce the related physical assets cost.

Capital assets in excess of \$5,000 are capitalized.

No provision for amortization of capital assets has been made in these financial statements.

(b) Fund accounting

The activities of the Department are segregated into the following funds:

Operating Fund

This fund includes any transaction related to or resulting from the operation of the Department and involves the assets (resources) consumed in the process of conducting business including expenditure for the repair and maintenance of capital assets included in the Capital Fund.

Capital Fund

The Fund includes any transaction related to the acquisition and disposal of capital assets, including building and equipment and the costs of capital financing including amortization.

(c) Government transfers

Government transfers are recognized in the financial statements as revenues in the periods that the events give rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality and reasonable estimates of the amounts can be made.

**Sundre Fire Department
Notes to Financial Statements
Year ended December 31, 2008**

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments

The Department's financial instruments consist of various assets and liabilities. Unless otherwise noted, it is management's opinion that the Department is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Where measurements uncertainty exists, the financial statements have been prepared within the reasonable limits of materiality. Actual results could differ from those estimates.

(f) Reserves for future expenditures

Reserves are established at the discretion of the Board to set aside funds for future operating and capital expenditures. Transfer to and/or from reserves are reflected as an adjustment to the respective funds.

(g) Equity in physical assets

Equity in physical assets represents the Sundre Fire Department's net investments in its total physical assets.

3. Reserves

The Sundre Fire Department has established internally restricted reserves to fund future capital purchases. Changes in these reserves are as follows:

<u>Opening Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
\$ 107,034	\$ 10,269	\$ -	\$ 117,303

4. Economic dependence

The Department is economically dependent upon the Town of Sundre and Mountain View County for the funding to contribute to the future stability of the Department.

Sundre Fire Department
Notes to Financial Statements
Year ended December 31, 2008

5. Statement of cash flow

A separate statement of cash flow is not presented since cash flows from operating, investing and financing activities are readily apparent from the financial statements.

6. Related part transactions

Town of Sundre provides administration and accounting services to Sundre Fire Department. During the year the Department paid Town of Sundre \$18,939 (2007 - \$ 6,600) for the services.

7. Comparative figures

Certain comparative figures for the preceding year have been restated to conform to the basis of presentation for the current year.



Town of Sundre

November 27, 2009

Chengkalath Van Eyck
Chartered Accountants
602, 1812 4th Street SW
Calgary, Alberta T2S 1W1

Dear Madam/Sir:

We are providing this letter in connection with your audit of the financial statements of the Sundre Fire Department as of December 31, 2008 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operation, and cash flows of the Sundre Fire Department in accordance with Canadian generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles. We acknowledge that we are also responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of obtaining reasonable assurance that the financial statements are free of material misstatement. However, such an audit is based on selective tests. Because you do not perform a detailed examination of all transactions, there is a risk that material fraud, error, violation or possible violation of laws or regulation may exist, but not be detected. Based on our assessment, we believe the risk that the financial statements may be materially misstated as a result of fraud to be acceptably low.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We hereby confirm that to the best of our knowledge and belief as of the date of this letter:

1. We have made available to you all:
 - Financial records and related data; and
 - Minutes of the meetings of members of council.

2. The minutes of the organization are a complete record of all meetings and resolutions of councilors throughout the period and to the present date.
3. We have reviewed and approved all of the following:
 - a. Journal entries you prepared or changed;
 - b. Account codes you determined or changed;
 - c. Transactions you classified; and
 - d. Accounting records you prepared or changed.
4. We are not aware of any instances of actual or probable non-compliance with or deficiencies in financial reporting practices relative to the requirements of regulatory authorities.
5. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the audit have been recorded.
6. We are not aware of any instances of:
 - Fraud or irregularities involving management or employees who have significant roles in internal control, whether or not they are perceived to have a material effect on the financial statements;
 - Fraud involving others that could have a material effect on the financial statements;
 - Cases of suspected fraud or allegations of fraud communicated by employees, former employees or others; and
 - Violations or possible violations of laws or regulations (including the failure to file reports required by regulatory bodies) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
7. We are aware of the environmental laws and regulations that have an impact on our organization and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. The following, where applicable, have been properly recorded or disclosed in the financial statements:
 - Changes during the period under audit in the organization's accounting principles and practices;
 - Related parties and transactions with related parties including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties;

- Guarantees, whether written or oral, under which the organization is contingently liable;
 - All assets to which the organization has title and all known liabilities of the organization at the period end;
 - Information regarding the terms and conditions, interest rate risk, credit risk and foreign exchange bank of financial instruments. There were no derivative or off balance sheet financial instruments held at period end;
 - Disclosure or fair value of financial instruments;
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed (e.g., potential or pending claims, lawsuits (whether or not discussed with a lawyer), labour claims or negotiations and anticipated tax assessments); and
 - Major commitments such as fixed asset purchase agreements, deferred compensation, bonuses, pensions and profit-sharing plans, purchase or sale of all or a portion of a business.
10. We have disclosed to you all significant customers and/or suppliers of the organization who individually represent a significant volume of transactions with our organization. We are of the opinion that the volume of transactions (e.g., sales, services, purchases, borrowing and lending) done by the organization with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the organization.
11. The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:
- Appropriate provisions for idle, abandoned, destroyed or obsolete assets or where site restoration costs will be necessary; and
 - Impairments in the value of goodwill or intangible assets.
12. Provision has been made for any material loss to be sustained in the fulfillment of, or from inability to fulfill, any sales commitments.
13. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
14. There were no inventories on consignment, bill-and-hold, or other arrangements, either owned by us or by our suppliers. Provision, when material, has been made
- a. To reduce excess or obsolete inventories to their estimated net realizable value and
 - b. For any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

15. We have complied with all aspects of contractual agreements and covenants that would have a material effect on the financial statements in the event of non-compliance.
16. There are no material unrecorded assets or contingent assets (such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain) that have not been disclosed.
17. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
18. We have responded fully to all enquiries made to us and have made available to you all accounting and financial records and related data of the organization during your audit.
19. Grant and debenture funds received have been expended for approved purposes only.
20. Management is not aware of any illegal acts.
21. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:
 - The measurement methods used are permitted under Canadian GAAP and appropriate in the circumstances;
 - The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
 - The method of valuation has been applied consistently;
 - The assumptions are consistent with management's intended courses of action; and
 - Financial statement disclosures are in accordance with Canadian GAAP.

Yours very truly,



Wonda Watson-Neufeld
Director of Corporate Services
Town of Sundre