

**Local Services Board of Pellatt,
Pelican, Umbach, Gidley
Financial Statements
For the year ended September 30, 2019**

**Local Services Board of Pellatt, Pelican,
Umbach, Gidley
Financial Statements
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Independent Auditor's Report

**To the Members
Local Services Board of Pellatt, Pelican, Umbach, Gidley**

Qualified Opinion

We have audited the financial statements of Local Services Board of Local Services Board of Pellatt, Pelican, Umbach, Gidley (the Entity), which comprise the statement of financial position as at September 30, 2019 and the statement of operations, the statement of change in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 30, 2019 and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in the significant accounting policies, capital asset purchases have been expensed in the statement of operations, which constitutes a departure from Canadian public sector accounting standards. This is the result of a decision taken by the Board in fiscal 2017. Based on the straight-line method of depreciation and annual rates of 7% for signs and fitting, the surplus for the year should be decreased by \$2,830 in 2019 (2018 - \$2,056), tangible capital assets should be increased by \$33,415 (2018 - \$36,245) and ending accumulated surplus should be increased by \$33,415 in 2019 (2018 - \$36,245). Our audit opinion on the financial statements for the year ended September 30, 2018 was modified accordingly because of the effects of this departure from Canadian public sector accounting standards.

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 Entity 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 qualified 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 Entity'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 Entity'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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
June 10, 2020

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Statement of Financial Position

<u>September 30</u>	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and bank	\$ 8,174	\$ 13,856
Liabilities		
Accounts payable and accrued liabilities	3,000	3,000
Net financial assets	5,174	10,856
Non-financial assets		
Prepaid expenses	598	-
Accumulated surplus	\$ 5,772	\$ 10,856

On behalf of the Board:



Director



Director

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Statement of Operations

For the year ended September 30	Budget	2019	2018
	(Note 3)		
Revenue			
<u>Eligible</u>			
Minister of Finance - levies	\$ 78,299	\$ 78,296	\$ 86,531
<u>Ineligible</u>			
Ministry of Northern Development and Mines	2,470	2,470	2,470
Miscellaneous	100	146	92
	80,869	80,912	89,093
Eligible Expenses			
Protection services (Note 1)	91,700	85,996	78,237
Annual surplus (deficit)	(10,831)	(5,084)	10,856
Accumulated surplus, beginning of year	13,831	10,856	-
Accumulated surplus, end of year	\$ 3,000	\$ 5,772	\$ 10,856

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Statement of Change in Net Financial Assets

For the year ended September 30	Budget 2019	2019	2018
	(Note 3)		
Annual surplus (deficit)	\$ (10,831)	\$ (5,084)	\$ 10,856
Acquisition of prepaid expenses	-	(598)	-
Net change in net financial assets	(10,831)	(5,682)	10,856
Net financial assets, beginning of year	10,856	10,856	-
Net financial assets, end of year	\$ 25	\$ 5,174	\$ 10,856

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Statement of Cash Flows

For the year ended September 30	2019	2018
Operating transactions		
Annual surplus (deficit)	\$ (5,084)	\$ 10,856
Changes in non-cash operating balances		
Prepaid expenses	(598)	-
Accounts payable and accrued liabilities	-	(7,800)
Deferred revenue	-	(13,608)
	<u>(5,682)</u>	<u>(10,552)</u>
Capital transactions	<u>-</u>	<u>-</u>
Investing transactions	<u>-</u>	<u>-</u>
Financing transactions	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(5,682)	(10,552)
Cash and bank, beginning of year	<u>13,856</u>	<u>24,408</u>
Cash and bank, end of year	\$ 8,174	\$ 13,856

Local Services Board of Pellatt, Pelican, Umbach, Gidley Summary of Significant Accounting Policies

September 30, 2019

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

The financial statements of the Board are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Nature of Business

The Local Services Board of Pellatt, Pelican, Umbach, Gidley (the "Board") is a local services board in the Province of Ontario and operates under the provisions of the Northern Services Boards Act. The Board provides fire services and 911 emergency communication services.

Capital Assets

Expenditures for capital assets are recorded as expenses in the year in which they are incurred, and as such no provision for their amortization is recorded in the financial statements.

Revenue Recognition

Fire protection and 911 emergency service levies are recognized as revenue in the year they are levied.

Government transfers are recognized as revenue in the financial statements 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.

Sales of service and other miscellaneous revenue is recognized on an accrual basis when collection is reasonably assured.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Notes to Financial Statements

September 30, 2019

1. Expenses by Object

	Budget			
	2019	2019		2018
	(Note 3)			
Honourarium	\$ 2,500	\$ 2,500	\$	2,500
Rent	500	500		500
Bank charges and interest	100	85		36
Insurance	770	767		618
Professional fees	3,500	3,390		3,346
Fire protection - contracted services	63,000	63,000		62,100
911 service - contracted services	20,000	13,271		5,985
911 service - materials and supplies	-	2,468		3,123
Office supplies and miscellaneous	1,330	15		29
	\$ 91,700	\$ 85,996	\$	78,237

2. Commitments

The board has committed to a contract for fire protection services totalling \$65,000 for the period of October 1, 2019 to September 30, 2020.

The board has committed to an agreement for 911 emergency call routing services in the amount of \$2,392 annually effective from December 2018 to December 2023. In the event that the population of the Local Services Board of Pellatt, Pelican, Umbach and Gidley increases or decreases by more than 10%, the annual rate may be adjusted.

Local Services Board of Pellatt, Pelican, Umbach, Gidley
Notes to Financial Statements

September 30, 2019

3. Budget

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board on May 25, 2019.

4. Segmented Information

The Board is a municipal government institution that provides primarily fire protection and 911 emergency call routing services. No additional disclosure on a segmented basis is considered necessary as the Board considers all the services and activities it provides to be encompassed in the segment of protection.

5. Uncertainty Due to COVID-19

Subsequent to the year end, the impact of COVID-19 in Canada and on the global economy increased significantly. If the impacts of COVID-19 continue there could be further impact on the Board and its inhabitants, suppliers and other third party business associates that could impact the timing and amounts realized on the Board's assets and future operating results. At this time, the full potential impact of COVID-19 on the board is not known.