

Financial Statements

Codiac Regional Policing Authority

December 31, 2016

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# Independent auditor's report

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## **To Board of Directors of Codiac Regional Policing Authority**

We have audited the accompanying financial statements of Codiac Regional Policing Authority, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, changes in net debt, and cash flow 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 for Government not-for-profit Organizations, 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.

An 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 the 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 audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Codiac Regional Policing Authority as at December 31, 2016, and the results of its operations and accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for Government not-for-profit Organizations.

Moncton, Canada  
June 29, 2017

*Grant Thornton LLP*

Chartered Professional Accountants

# Codiac Regional Policing Authority Statement of Financial Position

December 31	2016	2015
		Restated

**Financial assets**

Term Deposit – restricted (Note 3)	\$ 1,501,720	\$ 1,500,000
Receivables from City of Moncton, interest bearing at 1%	7,023,379	6,269,883
Receivable from Town of Riverview	-	718,988
Other receivables	<u>728</u>	<u>7,660</u>
	<u>8,525,827</u>	<u>8,496,531</u>

**Financial liabilities**

Payables and accruals (Note 4)	<u>8,686,042</u>	<u>9,161,910</u>
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**Net debt**

	<u>(160,215)</u>	<u>(665,379)</u>
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**Non-financial assets**

Tangible capital assets (Note 5)	<u>1,186,521</u>	<u>1,201,538</u>
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Accumulated surplus (deficit)	<u>\$ 1,026,306</u>	<u>\$ 536,159</u>
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Commitments (Note 8)  
Contingencies (Note 10)

On behalf of the Board

 <hr style="width: 100%; border: 0.5px solid black;"/>	Director	 <hr style="width: 100%; border: 0.5px solid black;"/>	Director
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See accompanying notes and schedule to the financial statements.

# Codiac Regional Policing Authority

## Statements of Operations and Accumulated Surplus

Year Ended December 31 2016 2015

Restated

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Contributions (Note 6)	\$29,585,397	\$29,585,397	\$ 27,473,403
Province of New Brunswick - 911 PSAP operating cost contribution for services	689,763	681,778	689,763
Other revenues	132,000	165,354	162,333
Interest	25,000	53,057	39,157
	<u>30,432,160</u>	<u>30,485,586</u>	<u>28,364,656</u>
<b>Expenditures</b>			
Administration	147,149	139,237	138,990
Amortization	-	444,484	429,630
Board expense	29,900	22,149	22,766
Commissionaires / custody of prisoners	330,973	355,145	299,776
Facilities - Moncton	1,039,800	1,039,800	935,820
- Dieppe	75,093	75,189	71,549
Professional, auxillary costs & communication fees	45,000	8,549	55,021
RCMP contract costs (Note 7)	23,118,939	23,076,625	20,534,758
Provincial contract	610,208	561,559	533,576
Salaries and benefits - dispatch	2,315,874	2,270,273	2,188,723
- clerical support	2,218,566	2,002,429	2,105,759
	<u>29,931,502</u>	<u>29,995,439</u>	<u>27,316,368</u>
Surplus before unusual event	500,658	490,147	1,048,288
Unusual event recovery (Note 9)	-	-	433,584
Surplus for the year	<u>\$ 500,658</u>	<u>\$ 490,147</u>	<u>\$ 1,481,872</u>
<hr/>			
Surplus (deficit), beginning of year		\$ 876,693	\$ (945,713)
Prior period adjustment (Note 12)		<u>(340,534)</u>	-
Surplus (deficit), beginning of the year as restated		536,159	(945,713)
Surplus for the year		<u>490,147</u>	<u>1,481,872</u>
Surplus, end of year		<u>\$ 1,026,306</u>	<u>\$ 536,159</u>

See accompanying notes and schedule to the financial statements.

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## Codiac Regional Policing Authority Statement of Change in Net Debt

Year Ended December 31	2016	2015 Restated
<b>Annual (deficit) surplus</b>	<b><u>\$ 490,147</u></b>	<b><u>\$ 1,481,872</u></b>
Acquisition of tangible capital assets	(429,467)	(515,049)
Amortization of tangible capital assets	<u>444,484</u>	<u>429,630</u>
	<u>15,017</u>	<u>(85,419)</u>
(Decrease) increase in net assets for the year	505,164	1,396,453
<b>Net debt, beginning of year</b>	<b>(324,845)</b>	<b>(2,061,832)</b>
Prior period adjustment (Note 12)	<u>(340,534)</u>	<u>-</u>
Net debt, beginning of year as restated	<u>(665,379)</u>	<u>(2,061,832)</u>
<b>Net debt, end of year</b>	<b><u>\$ (160,215)</u></b>	<b><u>\$ (665,379)</u></b>

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See accompanying notes and schedule to the financial statements.

# Codiac Regional Policing Authority

## Statement of Cash Flows

Year Ended December 31

2016

2015

Restated

Increase in cash and cash equivalents

<b>Operating</b>		
Surplus	\$ 490,147	\$ 1,481,872
Amortization	<u>444,484</u>	<u>429,630</u>
	<b>934,631</b>	<b>1,911,502</b>
Changes in non-cash working capital		
Receivables from Town of Riverview	718,988	(718,988)
Other receivables	6,932	(2,317)
Payables and accruals	<u>(475,868)</u>	<u>345,234</u>
	<b>1,184,683</b>	<b>1,535,431</b>
<b>Investing</b>		
Purchase of tangible capital assets	(429,467)	(515,049)
Purchase of term deposit and interest	<u>(1,720)</u>	<u>(1,500,000)</u>
	<b>(431,187)</b>	<b>(2,015,049)</b>
<b>Financing</b>		
Advances (to) from City of Moncton	<u>(753,496)</u>	<u>479,618</u>
Net increase in cash and cash equivalents	-	-
Cash and equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and equivalents, end of year	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes and schedule to the financial statements.



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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

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### 1. Nature of operations

#### (a) Organization

Codiac Regional Policing Authority (the "Authority") was established effective January 1, 2001 as a permanent authority. The Authority is to administer the Regional Police Service Agreement between the Government of Canada and the Authority within the *Police Act* and Policing Standards of the Province of New Brunswick for the municipalities of Moncton, Riverview and Dieppe.

#### (b) Terms of agreement

The Regional Police Service Agreement initially came into force on January 18, 1998 and a modification of this agreement was made April 1, 2012 and shall continue in force until March 31, 2032. The major change in the new agreement was that the CRPA will only pay 90% of the costs of providing and maintaining the police service as long as the Codiac region has a population of 15,000 or more. The agreement provides for a renewal period upon terms that are agreed to by the parties. The agreement may also be terminated on March 31 in any given year by either party with twenty-four month notice.

#### (c) Cost sharing

The costs of operating policing services in the Greater Moncton Area were pooled in the Regional Policing Authority. The costs were then recovered from Moncton, Riverview and Dieppe based on a pro-rata cost sharing formula. In 1998, the cost sharing formula was based on the 1997 budgets of the three municipalities. This cost sharing formula progressively incorporated SARPLE II during the three year period 1999 to 2001. By the year 2002, a full SARPLE II model was incorporated. For years subsequent to 2010 mutually agreed upon cost sharing percentages based on tax assessment, population, and calls for service were used. The cost sharing percentages by year are as follows:

	<u>Moncton</u>	<u>Riverview</u>	<u>Dieppe</u>	<u>Total</u>
1998	77.60	11.10	11.30	100%
1999	76.40	11.60	12.00	100%
2000	75.20	12.00	12.80	100%
2001	76.11	11.71	12.18	100%
2002	76.11	11.71	12.18	100%
2003	74.00	12.50	13.50	100%
2004	76.11	11.71	12.18	100%
2005	76.31	11.51	12.18	100%
2006	76.31	11.51	12.18	100%
2007	76.31	11.51	12.18	100%
2008	75.70	11.60	12.70	100%
2009	74.90	11.70	13.40	100%
2010	74.50	11.70	13.80	100%
2011	73.32	11.86	14.82	100%
2012	71.61	12.09	16.30	100%
2013	69.48	12.13	18.39	100%
2014	70.10	11.72	18.18	100%
2015	69.90	11.71	18.39	100%
2016	70.03	11.68	18.29	100%

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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

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### 2. Summary of significant accounting policies

The financial statements of the Authority are prepared in accordance with the Canadian public sector accounting standards for Government not-for-profit Organizations. Significant aspects of the accounting policies adopted by the Authority are as follows:

#### (a) Cash and cash equivalents

The company's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and highly liquid temporary investments usually with a maturity period of three months or less from the date of acquisition. Term deposits that the company cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

#### (b) Revenue recognition

Contribution revenue is recorded as earned in accordance with the cost sharing formula described in Note 1(c). Revenue from the Province of New Brunswick and other revenues are recorded when the service has been provided and collection is reasonably assured. Other revenues consist of criminal record checks, custody of prisoners, and other miscellaneous revenues. Interest revenue is recorded on a monthly basis as earned.

#### (c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful lives as follows:

Leaseholds	10 years
Vehicles	5 years
Kits	6 years
Equipment	8 years
Telecommunication	10 years
Computer equipment	5 years
Furniture	10 years

#### (d) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not yet incurred are included in deferred revenue. Government transfers consist of contributions and the 911 Public Safety Answering Point (PSAP) operating cost contributions for service.

#### (e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

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### 2. Summary of significant accounting policies (continued)

(f) **Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates include the useful lives of tangible capital assets.

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### 3. Term Deposit

A 18-month non-cashable term deposit was entered into with National Bank to maintain the funds disbursed by the Province of New Brunswick to assist with the June 4, 2014 event, as described in Note 9 which are to be disbursed in 2017.

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### 4. Payables and accruals

	<u>2016</u>	<u>2015</u> Restated
RCMP contract	\$ 5,172,846	\$ 5,241,116
Trade payables and accruals	946,780	354,378
Unusual event (Note 9)	<u>2,566,416</u>	<u>3,566,416</u>
	<u>\$ 8,686,042</u>	<u>\$ 9,161,910</u>

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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

### 5. Tangible capital assets

	Leasehold Improvements	Vehicles	Kits	Equipment	Tele- communication Equipment	Computer Equipment	Furniture	2016	2015
<b>Cost</b>									
Opening cost	\$ 61,968	\$ 1,230,341	\$ 327,704	\$ 217,662	\$ 211,614	\$ 388,500	\$ 178,005	\$ 2,615,794	\$ 2,521,526
Additions and transfers	-	332,933	-	57,926	19,296	19,312	-	429,467	515,049
Disposals and transfers	-	(280,820)	-	(9,734)	-	(61,337)	-	(351,891)	(420,781)
<b>Closing cost</b>	<b>61,968</b>	<b>1,282,454</b>	<b>327,704</b>	<b>265,854</b>	<b>230,910</b>	<b>346,475</b>	<b>178,005</b>	<b>2,693,370</b>	<b>2,615,794</b>
<b>Accumulated amortization</b>									
Opening accumulated amortization	(58,870)	(622,628)	(135,516)	(85,726)	(149,211)	(205,430)	(156,875)	(1,414,256)	(1,405,407)
Amortization	(3,098)	(251,280)	(54,617)	(30,311)	(13,881)	(73,497)	(17,800)	(444,484)	(429,630)
Disposals	-	280,820	-	9,734	-	61,336	-	351,891	420,781
<b>Closing accumulated amortization</b>	<b>(61,968)</b>	<b>(593,088)</b>	<b>(190,133)</b>	<b>(106,303)</b>	<b>(163,092)</b>	<b>(217,590)</b>	<b>(174,675)</b>	<b>(1,506,849)</b>	<b>(1,414,256)</b>
<b>Asset net book value</b>	<b>\$ -</b>	<b>\$ 689,366</b>	<b>\$ 137,571</b>	<b>\$ 159,551</b>	<b>\$ 67,818</b>	<b>\$ 128,885</b>	<b>\$ 3,330</b>	<b>\$ 1,186,521</b>	<b>\$ 1,201,538</b>

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## Codiac Regional Policing Authority Notes to the Financial Statements

December 31, 2016

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6. Contributions	2016 <u>Budget</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
City of Moncton	\$ 20,720,133	<b>\$20,720,133</b>	\$ 19,202,535
Town of Riverview	3,454,687	<b>3,454,687</b>	3,218,234
City of Dieppe	<u>5,410,577</u>	<u><b>5,410,577</b></u>	<u>5,052,634</u>
	<u><b>\$29,585,397</b></u>	<u><b>\$ 29,585,397</b></u>	<u><b>\$ 27,473,403</b></u>

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### 7. RCMP contract costs

The RCMP billings for the contract costs for policing services for the tri community are based on yearly estimates and are invoiced to the Authority on a quarterly basis. The actual RCMP policing costs are not made known to the Authority until after the RCMP's March 31<sup>st</sup> year end. As a result, an adjustment to reflect the actual RCMP policing costs is made by the Authority during the second quarter of each year following the year to which it relates. The adjustment relating to the 2015 RCMP year-end came through and was recorded in the Authority's 2016 year-end resulted in a reduction to the Authority's RCMP contract costs of \$118,035. In the Authority's 2015 year-end a reduction in expenses of \$986,971 was recorded which related to RCMP's 2014 year-end.

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### 8. Commitments

The Authority has entered into a five year lease agreement for premises in Dieppe which ends in May 2017 with an option to renew for another five years. The lease payments due under this signed agreement for premises at Dieppe over the next year is as follows:

2017 (5 months)	\$ 25,769
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In addition, the Authority leases its primary facility at Main Street in Moncton for \$1,039,800 per year (2015 - \$935,820). This is a month to month lease and is not subject to any specific term.

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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

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### 9. Unusual event

On June 4, 2014, Moncton was witness to a series of shootings involving the general public and the RCMP police force. The shootings resulted in a manhunt for the suspect, subsequent investigation and legal proceedings. The incident was governed by the "Police Act of New Brunswick"; "Codiac Regional Police Service Agreement" (CRPSA) between the Government of Canada and the Codiac Regional Policing Authority, dated April 1, 2012; and the "Provincial Police Service Agreement" (PPSA) between the Government of Canada and the Government of the Province of New Brunswick dated April 1, 2012.

Under the various service agreements the RCMP were responsible for the manhunt and investigation. The RCMP accumulated all costs associated with the incident and using the service agreements are responsible for allocating the costs associated with the incident to the Federal Government of Canada, Province of New Brunswick and the Codiac Regional Policing Authority. The Codiac Regional Policing Authority's share was estimated at \$3.5 million as of December 31, 2014.

During the 2015 fiscal year, the Province of New Brunswick's share and Codiac Regional Policing Authority's share of the shooting costs were finalized at \$4,566,416. The Province of New Brunswick provided one time funding in the amount of \$1,500,000 which resulted in the Codiac Regional Policing Authority's net costs of \$3,066,416. As a result, the shooting cost accrued from last year was reduced by \$433,584 during the 2015 fiscal year.

The funding agreement between the Federal Government of Canada, Province of New Brunswick and the Codiac Regional Policing Authority was finalized during fiscal 2015 resulting in the following repayment schedule:

2015	\$1,000,000
2016	\$1,000,000
2017	\$2,566,416

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### 10. Contingencies

#### Severance changes

In the 2012 fiscal year, the RCMP advised the Authority that as a result of changes in the labour agreement between the Government of Canada and the RCMP members there would be a salary cost adjustment due to the changes in how severance payments are made to the RCMP members. The Authority has not yet received a contract cost adjustment and have not agreed to any potential adjustment. The Authority has assessed any potential contract cost adjustment as not determinable. Since the contract cost adjustment relates to severance payments, any adjustment could be material to amounts reported in the financial statements.

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# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2016

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### 11. Transactions with funding partners

In addition to the contributions received, the Authority conducted the following transactions with the funding partners:

- Interest earned on interfund balance with City of Moncton \$23,961 (2015 - \$39,157);
- Administration expenses paid to City of Moncton \$139,238 (2015 - \$138,990);
- Rent expense charged by the City of Moncton \$1,039,800 (2015 - \$935,820);
- Rent expense charged by the City of Dieppe \$75,189 (2015 - \$71,549);
- Dispatch services are provided to the fire services of Moncton, Dieppe and Riverview at no charge; and
- A portion of the ticket fines issued by the Authority in each municipality under the *Provincial Offense Act* are collected by Service New Brunswick and remitted directly to that municipality as per agreements. These amounts are not included in the Authority's financial statements.

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### 12. Prior period adjustment

The contract between the Royal Canadian Mounted Police (RCMP) and the RCMP bargaining associations expired December 31, 2014. Contract negotiations between the parties started in fiscal 2015 and concluded April 5, 2017. As a result of the negotiations, the bargaining team had agreed to various terms for the proposed new agreement as the negotiations were unfolding (such as retro-pay increases). These contract concessions were not accrued in the December 31, 2015 financial statements.

As a result, the 2015 financial statements have been restated as follows:

#### **Statement of Financial Position**

Increase to payables and accruals	<u>\$340,534</u>
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#### **Statement of operations and accumulated surplus**

Increase to RCMP contract costs	<u>\$340,534</u>
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Decrease to accumulated surplus December 31, 2015	<u>\$340,534</u>
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### 13. Subsequent event

Subsequent to year-end, the Authority purchased new radio equipment. This equipment and related accessories are expected to cost approximately \$1.3 million and will be financed by the RCMP and repaid by the Authority over a 10-year period.

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# Codiac Regional Policing Authority

## Schedule 1: Schedule of Reconciliation of Annual Surplus

Year Ended December 31, 2016

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	<u>Budget</u>	<u>Actual</u>
2016 annual funding surplus	\$ _____ -	\$ <u>725,694</u>
<b>Adjustments to 2016 annual funding surplus for PSAS requirements</b>		
Second previous year's surplus	(1,220,530)	(1,220,530)
Unusual event payment	1,000,000	1,000,000
Acquisition of tangible capital assets	505,188	429,467
Amortization of tangible capital assets	-	(444,484)
Radio equipment payment	<u>216,000</u>	<u>-</u>
<b>Total adjustments to 2016 annual funding surplus</b>	<u>500,658</u>	<u>(235,547)</u>
<b>2016 annual surplus per PSAS for the year</b>	<u>\$ 500,658</u>	<u>\$ 490,147</u>

	<u>Budget</u>	<u>Restated Actual</u>
2015 annual funding surplus	\$ _____ -	\$ <u>180,507</u>
<b>Adjustments to 2015 annual funding surplus for PSAS requirements</b>		
Second previous year's surplus	(217,638)	(217,638)
Unusual event (Note 9)	-	433,584
Unusual event payment	-	1,000,000
Acquisition of tangible capital assets	310,629	515,049
Amortization of tangible capital assets	<u>-</u>	<u>(429,630)</u>
<b>Total adjustments to 2015 annual funding surplus</b>	<u>92,991</u>	<u>1,301,365</u>
<b>2015 annual surplus per PSAS for the year</b>	<u>\$ 92,991</u>	<u>\$ 1,481,872</u>

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