



Financial Statements

Codiac Regional Policing Authority

December 31, 2017

# Contents

	<b>Page</b>
Independent Auditor's Report	1, 2
Statement of Financial Position	3
Statements of Operations and Accumulated Surplus	4
Statement of Change in Net Surplus (Debt)	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 13
Schedule 1: Schedule of Reconciliation of Annual Deficit	14

# Independent auditor's report

---

Grant Thornton LLP  
Suite 500  
633 rue Main Street, PO Box 1005  
Moncton, NB  
E1C 8P2  
T +1 506 857 0100  
F +1 506 857 0105

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, 2017, and the statements of operations and accumulated surplus, changes in net surplus (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, 2017, and the results of its operations and accumulated surplus, changes in net surplus (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

Moncton, Canada  
June 7, 2018

*Grant Thornton LLP*

Chartered Professional Accountants

# Codiac Regional Policing Authority

## Statement of Financial Position

December 31

2017

2016

### Financial assets

Term Deposit – restricted (Note 3)	\$ -	\$ 1,501,720
Receivables from City of Moncton, interest bearing at 1%	9,389,024	7,023,379
Receivable from Town of Riverview	771,886	-
Other receivables	3,889	728
	<u>10,164,799</u>	<u>8,525,827</u>

### Financial liabilities

Payables and accruals (Note 4)	7,123,448	8,686,042
Federal Treasury Board loan (Note 6)	1,033,206	-
	<u>8,156,654</u>	<u>8,686,042</u>

<b>Net surplus (debt)</b>	<u>2,008,145</u>	<u>(160,215)</u>
---------------------------	------------------	------------------

### Non-financial assets

Tangible capital assets (Note 5)	<u>2,111,167</u>	<u>1,186,521</u>
----------------------------------	------------------	------------------

Accumulated surplus	<u>\$ 4,119,312</u>	<u>\$ 1,026,306</u>
---------------------	---------------------	---------------------

Commitments (Note 9)  
Contingencies (Note 10)

On behalf of the Board

Chuk Leung Director Nagesh Lammula Director

See accompanying notes and schedule to the financial statements.

# Codiac Regional Policing Authority

## Statements of Operations and Accumulated Surplus

Year Ended December 31

2017

2016

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Contributions (Note 7)	\$ 30,950,601	<b>\$ 30,950,601</b>	\$ 29,585,397
Province of New Brunswick - 911 PSAP			
operating cost contribution for services	679,116	<b>685,932</b>	681,778
Other revenues	153,550	<b>182,918</b>	165,354
Interest	<u>25,000</u>	<u><b>71,169</b></u>	<u>53,057</u>
	<u>31,808,267</u>	<u><b>31,890,620</b></u>	<u>30,485,586</u>
<b>Expenditures</b>			
Administration	160,686	<b>146,749</b>	139,237
Amortization	467,697	<b>467,697</b>	444,484
Board expense	29,900	<b>21,648</b>	22,149
Commissionaires / custody of prisoners	341,087	<b>349,502</b>	355,145
Facilities - Moncton	1,039,800	<b>1,039,800</b>	1,039,800
- Dieppe	76,234	<b>76,397</b>	75,189
Interest expense	-	<b>6,472</b>	-
Professional, auxillary costs & communication			
fees	45,000	<b>16,024</b>	8,549
RCMP contract costs (Note 8)	23,024,806	<b>21,649,454</b>	23,076,625
Provincial contract	625,970	<b>537,791</b>	561,559
Salaries and benefits - dispatch	2,498,921	<b>2,291,867</b>	2,270,273
- clerical support	<u>2,422,710</u>	<u><b>2,194,213</b></u>	<u>2,002,429</u>
	<u>30,732,811</u>	<u><b>28,797,614</b></u>	<u>29,995,439</u>
Surplus for the year	<u>\$ 1,075,456</u>	<u><b>\$ 3,093,006</b></u>	<u>\$ 490,147</u>

Surplus, beginning of year	<b>\$ 1,026,306</b>	\$ 876,693
Prior period adjustment (Note 12)	<u>-</u>	<u>(340,534)</u>
Surplus, beginning of the year as restated	<b>1,026,306</b>	536,159
Surplus for the year	<u><b>3,093,006</b></u>	<u>490,147</u>
Surplus, end of year	<u><b>\$ 4,119,312</b></u>	<u>\$ 1,026,306</u>

See accompanying notes and schedule to the financial statements.

---

## Codiac Regional Policing Authority

### Statement of Change in Net Surplus (Debt)

Year Ended December 31

2017

2016

<b>Annual surplus</b>	<b>\$ 3,093,006</b>	<b>\$ 490,147</b>
Acquisition of tangible capital assets	(1,392,343)	(429,467)
Amortization of tangible capital assets	<u>467,697</u>	<u>444,484</u>
	<u>(924,646)</u>	<u>15,017</u>
Increase in net assets for the year	<b>2,168,360</b>	505,164
<b>Net debt, beginning of year</b>	<b>(160,215)</b>	(324,845)
Prior period adjustment (Note 12)	<u>-</u>	<u>(340,534)</u>
Net debt, beginning of year as restated	<u>(160,215)</u>	<u>(665,379)</u>
<b>Net surplus (debt), end of year</b>	<b>\$ 2,008,145</b>	<b>\$ (160,215)</b>

---

See accompanying notes and schedule to the financial statements.

# Codiac Regional Policing Authority

## Statement of Cash Flows

Year Ended December 31

2017

2016

Increase in cash and cash equivalents

<b>Operating</b>		
Surplus	\$ 3,093,006	\$ 490,147
Amortization	<u>467,697</u>	<u>444,484</u>
	<b>3,560,703</b>	<b>934,631</b>
Changes in non-cash working capital		
Receivables from Town of Riverview	(771,886)	718,988
Other receivables	(3,162)	6,932
Payables and accruals	<u>(1,562,593)</u>	<u>(475,868)</u>
	<b>1,223,062</b>	<b>1,184,683</b>
<b>Investing</b>		
Purchase of tangible capital assets	(1,392,343)	(429,467)
Sale (purchase) of term deposit and interest	<u>1,501,720</u>	<u>(1,720)</u>
	<b>109,377</b>	<b>(431,187)</b>
<b>Financing</b>		
Advances to City of Moncton	(2,365,645)	(753,496)
Issuance of loan	1,045,499	-
Repayment of loan	<u>(12,293)</u>	<u>-</u>
	<b>(1,332,439)</b>	<b>(753,496)</b>
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.



---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 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 current agreement 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. 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>
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%
2017	<b>70.01</b>	<b>11.70</b>	<b>18.29</b>	<b>100%</b>

---

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 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 Authority 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.

---

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 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.

---

### 3. Term Deposit

An 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 shooting event involving the general public and the RCMP police force. This fund has been disposed of and the funds from the term deposit were disbursed in 2017.

---

4. Payables and accruals	<u>2017</u>	<u>2016</u>
RCMP contract	\$ 5,795,183	\$ 5,172,846
Trade payables and accruals	1,328,265	946,780
Federal Government of Canada	<u>-</u>	<u>2,566,416</u>
	<u>\$ 7,123,448</u>	<u>\$ 8,686,042</u>

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

### 5. Tangible capital assets

	Leasehold Improvements	Vehicles	Kits	Equipment	Tele- communication Equipment	Computer Equipment	Furniture	2017	2016
<b>Cost</b>									
Opening cost	\$ 61,968	\$ 1,282,454	\$ 327,704	\$ 265,854	\$ 230,910	\$ 346,475	\$ 178,005	\$ 2,693,370	\$ 2,615,794
Additions and transfers	-	234,266	-	46,207	1,045,499	66,371	-	1,392,343	429,467
Disposals and transfers	-	(213,161)	-	(4,362)	(145,622)	(84,495)	-	(447,640)	(351,891)
<b>Closing cost</b>	<b>61,968</b>	<b>1,303,559</b>	<b>327,704</b>	<b>307,699</b>	<b>1,130,787</b>	<b>328,351</b>	<b>178,005</b>	<b>3,638,073</b>	<b>2,693,370</b>
<b>Accumulated amortization</b>									
Opening accumulated amortization	(61,968)	(593,088)	(190,133)	(106,303)	(163,092)	(217,590)	(174,675)	(1,506,849)	(1,414,256)
Amortization	-	(258,601)	(39,126)	(36,028)	(64,711)	(67,482)	(1,749)	(467,697)	(444,484)
Disposals	-	213,161	-	4,362	145,622	84,495	-	447,640	351,891
<b>Closing accumulated amortization</b>	<b>(61,968)</b>	<b>(638,528)</b>	<b>(229,259)</b>	<b>(137,969)</b>	<b>(82,181)</b>	<b>(200,577)</b>	<b>(176,424)</b>	<b>(1,526,906)</b>	<b>(1,506,849)</b>
<b>Asset net book value</b>	<b>\$ -</b>	<b>\$ 665,031</b>	<b>\$ 98,445</b>	<b>\$ 169,730</b>	<b>\$ 1,048,606</b>	<b>\$ 127,774</b>	<b>\$ 1,581</b>	<b>\$ 2,111,167</b>	<b>\$ 1,186,521</b>

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 6. Federal Treasury Board loan

During the year the Authority purchased new communication equipment with the support of the RCMP. The equipment was financed with a 10 year loan from the Federal Treasury Board bearing interest at 1.35% and principal repayments are as follows:

2018	\$ 99,972
2019-2023	106,450
2024	104,735
2025-2026	101,130
2027	88,837
2028	5,148

---

### 7. Contributions

	2017 <u>Budget</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
City of Moncton	\$ 21,667,587	\$ 21,667,587	\$ 20,720,133
Town of Riverview	3,620,911	3,620,911	3,454,687
City of Dieppe	<u>5,662,103</u>	<u>5,662,103</u>	<u>5,410,577</u>
	<u>\$ 30,950,601</u>	<u>\$ 30,950,601</u>	<u>\$ 29,585,397</u>

---

### 8. 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 2016 RCMP year-end came through and was recorded in the Authority's 2017 year-end resulted in a reduction to the Authority's RCMP contract costs of \$1,332,874. In the Authority's 2016 year-end a reduction in expenses of \$118,035 was recorded which related to RCMP's 2015 year-end.

As per the agreement with the RCMP, the Authority is entitled to a 10% reduction in the RCMP operating costs subject to the region meeting a population threshold. For 2017 the reduction has been netted with the expense for the year. On a funding basis, the RCMP have reduced their annual charges by the 10% reduction and the 10% reduction has been passed on to the funding partners.

---

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 9. Commitments

The Authority has entered into a five year lease agreement for premises in Dieppe which ends in May 2022. The lease payments due under this signed agreement for premises at Dieppe over the next year is as follows:

2018	\$ 63,756
2019	65,032
2020	66,333
2021	67,667
2022 (5 months)	28,430

In addition, the Authority leases its primary facility at Main Street in Moncton for \$1,039,800 per year (2016 - \$1,039,800). This is a month to month lease and is not subject to any specific term.

---

### 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.

---

### 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 \$71,169 (2016 - \$53,057);
- Administration expenses paid to City of Moncton \$146,749 (2016 - \$139,237);
- Rent expense charged by the City of Moncton \$1,039,800 (2016 - \$1,039,800);
- Rent expense charged by the City of Dieppe \$76,397 (2016 - \$75,189); 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.

The transactions with funding partners are measured at the exchange amount agreed to between the funding partners and the Authority.

---

---

# Codiac Regional Policing Authority

## Notes to the Financial Statements

December 31, 2017

---

### 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 opening January 1, 2016 financial statements have been restated as follows:

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

Increase to payables and accruals	\$ 340,534
-----------------------------------	------------

#### **Statement of operations and accumulated surplus**

Decrease to accumulated surplus January 1, 2016	\$ 340,534
---	------------

---

---

# Codiac Regional Policing Authority

## Schedule 1: Schedule of Reconciliation of Annual Surplus

Year Ended December 31, 2017

---

	<u>Budget</u>	<u>Actual</u>
2017 annual funding surplus	\$ -	\$ 2,315,657
<b>Adjustments to 2017 annual funding surplus for PSAS requirements</b>		
Second previous year's surplus	(180,507)	(180,507)
Unusual event payment	1,039,116	1,066,416
Acquisition of tangible capital assets	468,544	346,844
Amortization of tangible capital assets	(467,697)	(467,697)
Radio equipment payment	<u>216,000</u>	<u>12,293</u>
<b>Total adjustments to 2017 annual funding surplus</b>	<u>1,075,456</u>	<u>777,349</u>
<b>2017 annual surplus per PSAS for the year</b>	<u>\$ 1,075,456</u>	<u>\$ 3,093,006</u>

	<u>Budget</u>	<u>Actual</u>
2016 annual funding surplus	\$ -	\$ 725,694
<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>

---