



Financial Statements

Codiac Regional Policing Authority

December 31, 2019

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Independent auditor's report

To Board of Directors of Codiac Regional Policing Authority

Opinion

We have audited the financial statements of Codiac Regional Policing Authority ("the Authority"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net surplus, and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Codiac Regional Policing Authority as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for Government not-for-profit organizations.

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 Authority 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 these financial statements in accordance with Canadian public 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.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.

Moncton, Canada

June 18, 2020

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Codiac Regional Policing Authority

Statement of Financial Position

December 31

2019

2018

Financial assets

Cash and cash equivalents	\$ 10,470,274	\$10,375,604
Municipal receivable from Town of Riverview	804,938	766,809
Federal Government receivable		
Department of Fisheries and Oceans	-	58,750
Other receivables	15,262	9,011
	<u>11,290,474</u>	<u>11,210,174</u>

Financial liabilities

Payables and accruals (Note 3)	7,842,072	6,971,179
Long term debt (Note 5)	826,785	933,234
	<u>8,668,857</u>	<u>7,904,413</u>

Net surplus

<u>2,621,617</u>	<u>3,305,761</u>
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Non-financial assets

Tangible capital assets (Note 4)	<u>2,154,536</u>	<u>2,039,040</u>
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Accumulated surplus	<u>\$ 4,776,153</u>	<u>\$ 5,344,801</u>
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Commitments (Note 8)

Contingencies (Note 9)

On behalf of the Board



Director



Director

See accompanying notes and schedule to the financial statements.

Codiac Regional Policing Authority

Statements of Operations and Accumulated Surplus

Year Ended December 31

2019

2018

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Contributions (Note 6)	\$ 29,989,318	\$ 29,989,318	\$ 29,860,330
Province of New Brunswick - 911	711,221	705,237	697,584
Federal contract - Dept of Fisheries & Oceans	240,000	235,000	176,250
Other revenues	172,300	215,594	208,464
Interest	25,000	84,401	55,639
	<u>31,137,839</u>	<u>31,229,550</u>	<u>30,998,267</u>
Protective Service Expenditures			
Administration	200,633	192,984	164,036
Amortization	545,154	545,154	517,003
Board expense	29,900	39,782	25,863
Commissionaires / custody of prisoners	445,859	413,155	395,973
Facilities - Moncton	1,039,800	1,039,800	1,039,800
- Dieppe	79,557	78,456	77,068
Interest expense (Federal Loan- Radio)	9,725	11,162	12,599
Professional, auxillary costs & communication fees	33,000	39,226	10,453
Equipment Rental - Vehicle	48,924	43,862	8,919
Versatarm	211,308	150,517	-
RCMP contract costs (Note 7)	23,635,071	22,641,107	21,899,276
Provincial contract - 911	621,577	627,924	626,845
Salaries and benefits - Dispatch	2,635,481	2,760,686	2,535,568
- Clerical Support	3,716,065	3,214,383	2,459,375
	<u>33,252,054</u>	<u>31,798,198</u>	<u>29,772,778</u>
(Deficit) surplus for the year	<u>\$ (2,114,215)</u>	<u>\$ (568,648)</u>	<u>\$ 1,225,489</u>
Surplus, beginning of year		<u>\$ 5,344,801</u>	<u>\$ 4,119,312</u>
Surplus, end of year		<u>\$ 4,776,153</u>	<u>\$ 5,344,801</u>

See accompanying notes and schedule to the financial statements.

Codiac Regional Policing Authority Statement of Change in Net Surplus

Year Ended December 31

2019

2018

Annual (deficit) surplus	\$ (568,648)	\$ 1,225,489
Acquisition of tangible capital assets	(660,650)	(444,876)
Amortization of tangible capital assets	<u>545,154</u>	<u>517,003</u>
	<u>(115,496)</u>	<u>72,127</u>
 (Decrease) increase in net assets for the year	 (684,144)	 1,297,616
 Net surplus, beginning of year	 <u>3,305,761</u>	 <u>2,008,145</u>
 Net surplus, end of year	 <u>\$ 2,621,617</u>	 <u>\$ 3,305,761</u>

See accompanying notes and schedule to the financial statements.

Codiac Regional Policing Authority

Statement of Cash Flows

Year Ended December 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating activities		
(Deficit) surplus	\$ (568,648)	\$ 1,225,489
Amortization	<u>545,154</u>	<u>517,003</u>
	(23,494)	1,742,492
 Changes in non-cash working capital		
Receivables-Town of Riverview	(38,129)	5,077
Receivables-DFO	58,750	(58,750)
Other receivables	(6,251)	(5,122)
Payables and accruals	<u>870,893</u>	<u>(152,269)</u>
	<u>861,769</u>	<u>1,531,428</u>
 Capital activities		
Purchase of tangible capital assets	<u>(660,650)</u>	<u>(444,876)</u>
 Financing activities		
Repayment of loan	<u>(106,449)</u>	<u>(99,972)</u>
 Net decrease in cash and cash equivalents	(94,670)	(986,580)
Cash and equivalents, beginning of year	<u>10,375,604</u>	<u>9,389,024</u>
Cash and equivalents, end of year	<u>\$ 10,470,274</u>	<u>\$ 10,375,274</u>

See accompanying notes and schedule to the financial statements.

Codiac Regional Policing Authority

Notes to the Financial Statements

December 31, 2019

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	70.01	11.70	18.29	100%
2018	70.29	11.42	18.29	100%
2019	70.17	11.40	18.43	100%

Codiac Regional Policing Authority

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies

The financial statements of the Codiac Regional Policing Authority "Authority" are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants. The financial statements include the additional disclosure requirements by the Department of Environment and Local Government of New Brunswick. The Authority has added schedule 1 and 2 to comply with these requirements.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirement, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues, expenditures, changes in accumulated surplus and change in financial position of the reporting entity. The Authority as per note 1(a), is responsible for administering the Policing Act and the Policing Standards of the Province of New Brunswick and therefore the Authority has concluded all the operational activity represents protective services and therefore have only one segment.

Protective Services

This department is responsible for the provision of policing services, emergency measures, and other protective measures.

(b) Cash and cash equivalents

The authority'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. The authority collects interest on cash balances at an interest rate of 1%.

(c) 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.

Codiac Regional Policing Authority

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

(d) **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

(e) **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 whom 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.

(f) **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.

(g) **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. Payables and accruals

	<u>2019</u>	<u>2018</u>
RCMP contract	\$ 5,754,620	\$ 5,671,676
Trade payables and accruals	<u>2,087,452</u>	<u>1,299,503</u>
	<u>\$ 7,842,072</u>	<u>\$ 6,971,179</u>

Codiac Regional Policing Authority Notes to the Financial Statements

December 31, 2019

4. Tangible capital assets

	Leasehold Improvements	Vehicles	Kits	Equipment	Tele- communication Equipment	Computer Equipment	Furniture	2019	2018
Cost									
Opening cost	\$ 61,968	\$ 1,406,484	\$ 327,704	\$ 288,497	\$ 1,130,787	\$ 273,101	\$ 178,005	\$ 3,666,546	\$ 3,638,073
Additions and transfers	-	371,902	5,380	190,997	61,520	29,351	1,500	660,650	444,876
Disposals and transfers	-	(265,821)	-	(10,234)	-	(51,623)	-	(327,678)	(416,403)
Closing cost	<u>61,968</u>	<u>1,512,565</u>	<u>333,084</u>	<u>469,260</u>	<u>1,192,307</u>	<u>250,829</u>	<u>179,505</u>	<u>3,999,518</u>	<u>3,666,546</u>
Accumulated amortization									
Opening accumulated amortization	(61,968)	(674,838)	(266,918)	(134,926)	(191,352)	(119,499)	(178,005)	(1,627,506)	(1,526,906)
Amortization	-	(291,905)	(35,660)	(47,541)	(116,155)	(52,393)	(1,500)	(545,154)	(517,003)
Disposals	-	265,821	-	10,234	-	51,623	-	327,678	416,403
Closing accumulated amortization	<u>(61,968)</u>	<u>(700,922)</u>	<u>(302,578)</u>	<u>(172,233)</u>	<u>(307,507)</u>	<u>(120,269)</u>	<u>(179,505)</u>	<u>(1,844,982)</u>	<u>(1,627,506)</u>
Asset net book value	<u>\$ -</u>	<u>\$ 811,643</u>	<u>\$ 30,506</u>	<u>\$ 297,027</u>	<u>\$ 884,800</u>	<u>\$ 130,560</u>	<u>\$ -</u>	<u>\$ 2,154,536</u>	<u>\$ 2,039,040</u>

Codiac Regional Policing Authority

Notes to the Financial Statements

December 31, 2019

5. Long term debt	<u>2019</u>	<u>2018</u>
Federal Treasury Board loan, 1.35% due 2027	<u>\$ 826,785</u>	<u>\$ 933,234</u>

During 2017 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:

2020-2023	106,450
2024	104,735
2025-2026	101,130
2027	88,837
2028	5,147

6. Contributions	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
City of Moncton	\$ 21,043,894	\$ 21,043,895	\$ 20,990,020
Town of Riverview	3,419,802	3,419,801	3,409,452
City of Dieppe	<u>5,525,622</u>	<u>5,525,622</u>	<u>5,460,858</u>
	<u>\$ 29,989,318</u>	<u>\$ 29,989,317</u>	<u>\$ 29,860,330</u>

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 31st 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 2018/ 2019 RCMP year-end came through and was recorded in the Authority's 2019 year-end resulted in a reduction to the Authority's RCMP contract costs of \$402,216. In the Authority's 2018 year-end a reduction in expenses of \$124,264 was recorded which related to RCMP's 2017/18 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 2019 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, 2019

8. 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 three years are as follows:

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 (2018 - \$1,039,800). This is a month to month lease and is not subject to any specific term.

9. 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.

10. 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 \$84,401 (2018 - \$55,639);
- Administration expenses paid to City of Moncton \$192,984 (2018 - \$164,036);
- Rent expense charged by the City of Moncton \$1,039,800 (2018 - \$1,039,800);
- Rent expense charged by the City of Dieppe \$78,456 (2018 - \$77,068)

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

11. New facility

The Authority has been working with its partners who include the RCMP, the Town of Riverview, the City of Dieppe and the City of Moncton to finalize plans for the construction of a new detachment for the policing services covered in the Codiac Region. As of June 18, 2020, the formal agreements between the partners have not been finalized.

Codiac Regional Policing Authority

Notes to the Financial Statements

December 31, 2019

12. Subsequent event

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. The Authority has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of COVID-19, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Authority for future periods.

Codiac Regional Policing Authority
Schedule 1: Schedule of Reconciliation of Annual
(Deficiency) Surplus

Year Ended December 31, 2019

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
2019 annual funding surplus	\$ 1,547,004	\$ (21,940)	\$1,525,064
Adjustments to 2019 annual funding surplus for PSAS requirements			
Second previous year's surplus	(2,315,657)	-	(2,315,657)
Acquisition of tangible capital assets	-	660,650	660,650
Amortization of tangible capital assets	-	(545,154)	(545,154)
Principal debt repayment	-	106,449	106,449
2019 annual (deficit) surplus per PSAS for the year	\$ (768,653)	\$ 220,005	\$ (568,648)

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
2018 annual funding surplus	\$ 1,923,953	\$ (615)	\$1,923,338
Adjustments to 2018 annual funding surplus for PSAS requirements			
Second previous year's surplus	(725,694)	-	(725,694)
Acquisition of tangible capital assets	-	444,876	444,876
Amortization of tangible capital assets	-	(517,003)	(517,003)
Principal dept repayment	-	99,972	99,972
2018 annual surplus per PSAS for the year	\$ 1,198,259	\$ 27,230	\$ 1,225,489

Codiac Regional Policing Authority

Schedule 2: Schedule of Operating and Capital Budgets to the PSAB Budget

Year Ended December 31, 2019

	<u>Operating Budget</u>	<u>Capital Budget</u>	<u>Adjustments</u>	<u>PSAB Budget</u>
Revenues				
Contributions	\$ 29,232,997	\$ 756,321	\$ -	\$ 29,989,318
Federal contract - Department of Fisheries & Oceans	240,000	-	-	240,000
Other revenues	172,300	-	-	172,300
Province of New Brunswick - 911	711,221	-	-	711,221
Surplus budget	2,315,657	-	(2,315,657)	-
Interest	25,000	-	-	25,000
	<u>32,697,175</u>	<u>756,321</u>	<u>(2,315,657)</u>	<u>31,137,839</u>
Protective Service Expenditures				
Administration	200,633	-	-	200,633
Amortization	-	-	545,154	545,154
Board expense	29,900	-	-	29,900
Capital asset purchases	-	640,146	(640,146)	-
Commissionaires / custody of prisoners	445,859	-	-	445,859
Equipment Rental - Vehicle	48,924	-	-	48,924
Facilities - Moncton	1,039,800	-	-	1,039,800
- Dieppe	79,557	-	-	79,557
Interest expense (Federal Loan- Radio)	-	9,725	-	9,725
Principal debt repayments	-	106,450	(106,450)	-
Professional, auxillary costs & communication fees	33,000	-	-	33,000
Provincial contract - 911	621,577	-	-	621,577
RCMP contract costs	23,635,071	-	-	23,635,071
Salaries and benefits				
- Dispatch	2,635,481	-	-	2,635,481
- Clerical Support	3,716,065	-	-	3,716,065
Versaterm	211,308	-	-	211,308
	<u>32,697,175</u>	<u>756,321</u>	<u>(201,442)</u>	<u>33,252,054</u>
(Deficit) surplus for the year	\$ -	\$ -	\$ (2,114,215)	\$ (2,114,215)