

OXFORD COMMUNITY POLICE SERVICES BOARD

FINANCIAL STATEMENTS

OCTOBER 18, 2009

AUDITOR'S REPORT

To the Members of the Board of Directors of
of Oxford Community Police Services Board

I have audited the statement of financial position of the Oxford Community Police Services Board as at October 18, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the period then ended. This financial statement is the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at October 18, 2009 and the results of its operations and the changes in its cash flows and net financial assets for the period then ended in accordance with Canadian generally accepted accounting principles.

London, Canada
June 3, 2010


LICENSED PUBLIC ACCOUNTANT

STATEMENT OF FINANCIAL POSITION
OCTOBER 18, 2009
(with comparative balances as at December 31, 2008)

	<u>2009</u>	<u>2008</u>
FINANCIAL ASSETS		
Cash	\$ 242,807	\$ 192,362
Accounts receivable	<u>639,076</u>	<u>914,045</u>
	<u>881,883</u>	<u>1,106,407</u>
LIABILITIES		
Accounts payable and accrued liabilities	105,475	10,415
Post retirement benefits (note 6)	<u>2,644,534</u>	<u>2,390,086</u>
	<u>2,750,009</u>	<u>2,400,501</u>
NET FINANCIAL ASSETS	(1,868,126)	<u>(1,294,094)</u>
NON FINANCIAL ASSETS		
Tangible capital assets (Schedule 1) (note 1)	<u>632,077</u>	<u>677,802</u>
ACCUMULATED SURPLUS (DEFICIT) (note 3)	<u>\$ (1,236,049)</u>	<u>\$ (616,292)</u>

The accompanying notes are an integral part of these financial statements.

OXFORD COMMUNITY POLICE SERVICES BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE PERIOD ENDED OCTOBER 18, 2009

(with comparative balances for the year ended December 31, 2008)

	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
REVENUES			
9-1-1 service revenues (expenditures)		\$ (9,142)	\$ 90,204
Accidents and miscellaneous reports	\$ 50,000	52,591	56,674
Administrative services recovered		4,500	
Alarm revenue	72,000	92,352	107,221
County fire dispatch	73,686	61,617	61,279
Court security	169,000	137,600	169,829
Investment income	2,500	1,796	9,283
Municipal grants	11,821,341	9,203,597	11,909,341
OESC revenue	200,000	401,891	457,949
OPC secondment revenue	194,414	181,970	—
Paid duty	34,000	14,039	42,460
Prisoner transport	110,000	106,574	153,326
Provincial grant	462,000	617,214	467,486
Recovery from leased vehicles		1,240	—
Gain on sale of vehicles	5,200	5,470	11,991
VASOC provincial grant		<u>25,564</u>	<u>115,593</u>
	<u>13,194,141</u>	<u>10,898,873</u>	<u>13,652,636</u>
EXPENDITURES			
Accounting and payroll services	31,200	24,483	31,200
Amortization expense		173,009	214,765
Building repairs and maintenance	141,400	128,813	183,053
Computer maintenance	141,000	96,400	135,345
Education and training	64,000	65,175	70,886
Equipment repairs and service	178,700	96,140	207,324
Insurance	196,000	158,665	188,607
Heat, hydro and utilities	121,000	109,907	105,178
Legal	40,000	47,859	36,146
Meetings, conventions and conferences	42,000	21,387	29,682
Police services board	73,450	56,014	84,532
Radio maintenance	24,000	23,869	24,413
Salaries and benefits	11,398,191	9,940,035	11,582,393
Stationery and supplies	155,200	133,450	220,078
Tactical services	28,000	88,054	23,176
VASOC expenses		25,564	115,593
Vehicle	464,000	300,998	467,445
Wireless communications	<u>24,000</u>	<u>28,808</u>	<u>28,118</u>
	<u>13,122,141</u>	<u>11,518,630</u>	<u>13,747,934</u>
EXCESS REVENUES OVER EXPENDITURES			
(EXPENDITURES OVER REVENUES) (note 5)	72,000	(619,757)	(95,298)
ACCUMULATED DEFICIT, BEGINNING OF PERIOD		<u>(616,292)</u>	<u>(520,994)</u>
ACCUMULATED DEFICIT, END OF PERIOD	<u>\$ 72,000</u>	<u>\$ (1,236,049)</u>	<u>\$ (616,292)</u>

The accompanying notes are an integral part of these financial statements.

OXFORD COMMUNITY POLICE SERVICES BOARD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED OCTOBER 18, 2009
(with comparative figures for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess expenditures over revenues - Statement 2	\$ (619,757)	\$ (95,298)
Non-cash charges to operations		
Amortization	<u>173,009</u>	<u>214,765</u>
	(446,748)	119,467
Net change in working capital other than cash (A)	<u>624,477</u>	<u>130,836</u>
Cash provided by operating transactions	<u>177,729</u>	<u>250,303</u>
CAPITAL		
Acquisition of tangible capital assets	(127,284)	(340,845)
Net loss on disposal of tangible capital assets	<u> </u>	<u>4,245</u>
Cash provided by (used in) capital transactions	<u>(127,284)</u>	<u>(336,600)</u>
Increase in cash during the period	50,445	(86,297)
CASH, BEGINNING OF PERIOD	<u>192,362</u>	<u>278,659</u>
CASH, END OF PERIOD	<u>\$ 242,807</u>	<u>\$ 192,362</u>

(A) Net change in working capital other than cash includes the net change in accounts receivable, accounts payable and accrued liabilities and post retirement benefits.

The accompanying notes are an integral part of these financial statements.

OXFORD COMMUNITY POLICE SERVICES BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE PERIOD ENDED OCTOBER 18, 2009
(with comparative figures for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
Excess expenditures over revenues - Statement 2	\$ (619,757)	\$ (95,298)
Amortization of tangible capital assets	173,009	214,765
Acquisition of tangible capital assets	(127,284)	(340,845)
Net loss on disposal of tangible capital assets	<u> </u>	<u>4,245</u>
Increase (decrease) in net financial assets	(574,032)	(217,133)
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	<u>(1,294,094)</u>	<u>(1,076,961)</u>
NET FINANCIAL ASSETS, END OF PERIOD	<u>\$ (1,868,126)</u>	<u>\$ (1,294,094)</u>

The accompanying notes are an integral part of these financial statements.

OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

The Oxford Community Police Services Board was established February 1, 1999 as a result of agreements between four municipal partners and subsequent approval by the Ministry of the Attorney General and Correctional Services. Operations commenced on January 1, 1999. The Board provided police protection for the Township of Blandford-Blenheim, the Township of East Zorra Tavistock, the Township of Norwich and the City of Woodstock. The municipalities provided funding based on a formula approved by the agreement. The City of Woodstock was the administering municipality.

During 2009, three member municipalities indicated their desire to withdraw from the partnership. Further to an application made to the Ontario Civilian Commission on Policing Services, a disbandment hearing was held in May 2009. The Commission approved the disbandment effective October 19, 2009.

The revenues and expenditures for 2009 and 2008 are for the period ended October 18, 2009 and the year ended December 31, 2008 respectively.

1. Significant Accounting Policies

The financial statements of the Oxford Community Police Services Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures and accumulated surplus of the Board.

(b) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

(c) 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the change in net financial assets for the year.

OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

1. 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, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware	3-4 years
Computer software	7 years
Equipment	10-15 years
Vehicles	5 years
Leasehold improvements	25 years

Amortization is charged on a monthly basis in the year of acquisition and in the year of disposal. The Board has a capitalization threshold of \$5,000. Individual assets of lesser value are expensed unless they are pooled because collectively they have significant value.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as revenue.

Tangible capital assets are detailed on the accompanying Schedule 1.

(e) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

(f) Financial Instruments

Financial instruments of the Board consist mainly of cash and accounts receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

1. Significant Accounting Policies continued

(g) Revenue Recognition

Government grants and 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.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenditures during the period. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(i) Budget

The operating budget approved by the Board for the year ending December 31, 2009 is reflected on the statement of operations. The actual expenditures for 2009 are for the period ending October 18, 2009. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Board does not budget activity within reserves, with the exception being those transactions which affect either operations or capital investments.

2. Pension Agreements

The Police Services Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for the period ending October 18, 2009 was \$ 638,515 (2008 - \$ 777,927) for current service and is included as an expenditure on the Statement of Operations.

There is no obligation for past service provisions.

OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

3. Accumulated Surplus

The accumulated surplus consists of the following:

	<u>2009</u>	<u>2008</u>
Surplus invested in tangible capital assets	\$ 632,077	\$ 677,802
Operating surplus	NIL	214,191
Future employee benefits (note 6)	(2,644,534)	(2,390,086)

Reserves and reserve fund balances are comprised as follows:

Reserves set aside for specific purposes:

Capital projects	139,216	184,793
Insurance loss	64,463	62,463
Furniture	58,319	58,319
Legal fees	49,493	44,493
Renovations	13,591	13,591
Honour guard	6,101	6,101
Canine unit	15,981	15,981
Labour relations	289,094	289,094
Clothing and uniforms	2,273	2,273
Specialized services	<u>355</u>	<u>20,965</u>
	<u>638,886</u>	<u>698,073</u>

Reserve funds set aside for specific purposes:

Sick leave severance	105,295	151,501
Voice radio	<u>32,227</u>	<u>32,227</u>
	<u>137,522</u>	<u>183,728</u>

Total accumulated surplus **\$ (1,236,049)** **\$ (616,292)**

OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

4. Public Sector Salary Disclosure

There were 3 employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more. There was a significant increase in 2008 in the number of employees due to a settlement of the 2007 and 2006 wage contract. This settlement was paid out in 2008.

5. Prior Period Adjustments

The Board has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires governments to record and amortize their tangible capital assets on their financial statements. These adjustments are as follows:

Adjustments to opening 2008 accumulated surplus:

Net book value of tangible capital assets recorded	\$ <u>555,969</u>
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Adjustments to 2008 excess revenues over expenditures:

Excess revenues over expenditures, as previously reported	\$ (29,279)
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Add

Assets capitalized but previously expensed	340,845
Net proceeds on sale of vehicle	(4,245)

Less

Increase in amortization expense	(214,765)
Increase in post retirement benefits	<u>(187,854)</u>

Excess expenditures over revenues, as restated	\$ <u>(95,298)</u>
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OXFORD COMMUNITY POLICE SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
OCTOBER 18, 2009

6. Post-Retirement Benefits

Employee post-retirement benefits represents the Police Service's share of the cost to provide employees with extended benefits on retirement to eligible uniform and civilian police employees and retirees, including vested sick leave. This liability will require funding in future periods. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial valuation completed for the year ending December 31, 2008 in accordance with the financial reporting guideline of PSAB 3250 established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. This actuarial valuation assumptions were at December 2008 and the discount rate was updated to reflect current fixed income market yields at October 18, 2009.

	<u>2009</u>	<u>2008</u>
Post employment benefits to age 65	\$ 2,373,606	\$ 2,144,110
Post employment benefits post age 65	<u>270,928</u>	<u>245,976</u>
Total post-retirement benefit liability	<u>\$ 2,644,534</u>	<u>\$ 2,390,086</u>

Significant assumptions are as follows:

General inflation	2.00%
Discount rate	4.75%
Rate of compensation increase	3.00%
Productivity increase	1.00%
Accumulation of future sick leave credits	.92 days per month

7. Comparative balances

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.

OXFORD COMMUNITY POLICE SERVICES BOARD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
OCTOBER 18, 2009
(with comparative balances as at December 31, 2008)

	Computer Hardware	Computer Software	Equipment	Leasehold Improvements	Vehicles	2009 Total	2008 Total
COST							
Balance, beginning of year	\$ 77,149	\$ 7,128	\$ 227,257	\$ 11,250	\$ 774,463	\$1,097,247	\$ 987,155
Add:							
Additions during the year	12,798		6,863		107,623	127,284	340,845
Less:							
Disposals during the year	_____	_____	_____	_____	<u>(68,082)</u>	<u>(68,082)</u>	<u>(230,753)</u>
Balance, end of year	<u>89,947</u>	<u>7,128</u>	<u>234,120</u>	<u>11,250</u>	<u>814,004</u>	<u>1,156,449</u>	<u>1,097,247</u>
ACCUMULATED AMORTIZATION							
Balance, beginning of year	28,466	2,037	69,430	3,750	315,762	419,445	431,188
Add:							
Amortization during the year	7,650	814	12,672	1,800	150,073	173,009	214,765
Less:							
Disposals during the year	_____	_____	_____	_____	<u>(68,082)</u>	<u>(68,082)</u>	<u>(226,508)</u>
Balance, end of year	<u>36,116</u>	<u>2,851</u>	<u>82,102</u>	<u>5,550</u>	<u>397,753</u>	<u>524,372</u>	<u>419,445</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 53,831</u>	<u>\$ 4,277</u>	<u>\$ 152,018</u>	<u>\$ 5,700</u>	<u>\$ 416,251</u>	<u>\$ 632,077</u>	<u>\$ 677,802</u>

This schedule is provided for information purposes only.