

**AYLMER POLICE SERVICES BOARD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**



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FINANCIAL STATEMENTS  
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## **INDEPENDENT AUDITOR'S REPORT**

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### **To the Members of the Board of Directors of Aylmer Police Services Board**

#### **Opinion**

We have audited the accompanying financial statements of Aylmer Police Services Board (the "Board"), which comprise the Statement of Financial Position as at December 31, 2020, and Statements of Operations and Accumulated Surplus (Deficit), Cash Flows and Change in Net Financial Assets (Liabilities) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aylmer Police Services Board as at December 31, 2020 and its financial performance and its change in cash flows and net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis of 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 Board 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 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

**June 8, 2021**  
**London, Canada**

*Scrimgeour & Company*  
**LICENSED PUBLIC ACCOUNTANT**

**AYLMER POLICE SERVICES BOARD  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Accounts receivable	\$ 17,779	\$ 64,073
Due from Town of Aylmer (note 2)	99,362	38,044
	<b>117,141</b>	<b>102,117</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	79,876	40,675
Employee post-employment benefit liability (note 6)	1,073,700	1,033,200
	<b>1,153,576</b>	<b>1,073,875</b>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>(1,036,435)</b>	<b>(971,758)</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 1.d) (Schedule 1)	179,426	166,890
Prepaid insurance	5,789	5,226
	<b>185,215</b>	<b>172,116</b>
<b>ACCUMULATED SURPLUS (DEFICIT) (note 4)</b>	<b>\$ (851,220)</b>	<b>\$ (799,642)</b>

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

**AYLMER POLICE SERVICES BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget 2020	Actual 2020	Actual 2019
<b>REVENUE</b>			
COVID grant (note 8)	\$ -	\$ 18,260	\$ -
Government grants	230,787	191,279	222,861
Other revenue	1,450	10,257	2,891
Record checks	9,000	5,153	6,567
Requisition from Town of Aylmer (note 2)	2,420,451	2,225,350	2,366,471
	<b>2,661,688</b>	<b>2,450,299</b>	<b>2,598,790</b>
<b>EXPENDITURES</b>			
Advertising and other	2,425	1,139	2,048
Amortization	-	37,162	44,233
Association fees	3,285	3,444	2,191
COVID expenditures	-	18,260	-
Dispatch services	110,632	110,277	110,876
Equipment maintenance	11,500	17,809	11,522
Equipment rentals	4,500	3,949	3,981
Insurance	400	335	201
Office expenditures	13,000	31,858	19,791
Professional fees	4,400	325	2,513
Salaries and benefits	2,361,721	2,131,938	2,255,364
Telephone	20,900	18,942	20,681
Travel and training	15,375	5,905	14,355
Uniforms	16,800	17,497	18,384
Utilities	17,050	13,566	13,639
Vehicle repairs and maintenance	54,700	48,971	47,187
	<b>2,636,688</b>	<b>2,461,377</b>	<b>2,566,966</b>
Operating revenue over expenditures	25,000	(11,078)	31,824
<b>OTHER REVENUE (EXPENDITURES)</b>			
<b>POLICE SERVICES BOARD</b>			
Requisition from Town of Aylmer (note 2)	18,769	26,628	18,475
Miscellaneous revenue	-	422	-
Salaries and benefits	(12,239)	(17,588)	(15,178)
General and administration	(6,530)	(9,462)	(3,297)
<b>POST-RETIREMENT BENEFITS (note 6)</b>	-	<b>(40,500)</b>	<b>(44,100)</b>
Excess of revenue over expenditures (expenditures over revenue)	25,000	(51,578)	(12,276)
<b>ACCUMULATED DEFICIT, BEGINNING OF YEAR</b>	<b>(799,642)</b>	<b>(799,642)</b>	<b>(787,366)</b>
<b>ACCUMULATED DEFICIT, END OF YEAR</b>	<b>\$ (774,642)</b>	<b>\$ (851,220)</b>	<b>\$ (799,642)</b>

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

**AYLMER POLICE SERVICES BOARD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ (51,578)	\$ (12,276)
Non-cash charges to (from) operations		
Post-retirement benefit	40,500	44,100
Amortization	37,162	44,233
Net change in working capital other than cash (A)	24,177	(3,012)
Cash provided by operating transactions	50,261	73,045
<b>CAPITAL</b>		
(Increase) decrease in prepaid insurance	(563)	(1,498)
Disposal of tangible capital asset	-	-
Acquisition of tangible capital assets	(49,698)	(71,547)
Cash provided by capital transactions	(50,261)	(73,045)
Increase in cash during the year	-	-
<b>CASH, BEGINNING OF YEAR</b>	-	-
<b>CASH, END OF YEAR</b>	\$ -	\$ -

(A) Net change in working capital other than cash includes the net change in accounts receivable, due from the Town of Aylmer and accounts payable and accrued liabilities.

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

**AYLMER POLICE SERVICES BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
Excess of revenue over expenditures (expenditures over revenue) (page 4)	\$ (51,578)	\$ (12,276)
Amortization of tangible capital assets	37,162	44,233
(Increase) decrease in prepaid expenditures	(563)	(1,498)
Disposal of tangible capital assets	-	-
Acquisition of tangible capital assets	(49,698)	(71,547)
Increase (decrease) in net financial assets (liabilities)	(64,677)	(41,088)
<b>NET FINANCIAL ASSETS (LIABILITIES), BEGINNING OF YEAR</b>	<b>(971,758)</b>	<b>(930,670)</b>
<b>NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR</b>	<b>\$ (1,036,435)</b>	<b>\$ (971,758)</b>

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



**AYLMER POLICE SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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The Aylmer Police Services Board (the Board) was established to provide policing services for the Town of Aylmer. Its operations are governed by the provisions of provincial statutes.

**1. Accounting policies**

The financial statements of the Board are the representation of the Board prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

**a. Reporting entity**

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

**b. Revenue recognition**

The Board recognizes revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants and transfers are recognized in the financial statements as revenue 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.

**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 revenue over expenditures, provides the change in net financial assets for the year.

**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:

Equipment	10-15 years
Automotive	4 - 5 years

Amortization is charged for a half year in the year of acquisition and in the year of disposal. The Board has a capitalization threshold of \$10,000. 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.

**AYLMER POLICE SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**1 Accounting policies continued**

**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 due from Town of Aylmer. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

**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 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.

**h. Budget**

The operating budget approved by the Board for 2020 is reflected on the Statement of Operations and Accumulated Surplus (Deficit). 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.

**2. Administration**

The Town of Aylmer acts as the financial administrator for the Board and as such all cash and cash equivalents are held in the name of the Town of Aylmer. The Town of Aylmer budgeted a net requisition for both the police services of \$2,420,451 (2019 - \$2,440,754 ) and the police services board of \$18,769 (2019 - \$18,879 ). The actual requisition is adjusted to reflect actual costs.

**AYLMER POLICE SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**3. Pension agreement**

The Board contributes to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full time 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 service and rates of pay. The amount contributed to OMERS for 2020 was \$169,259 (2019 - \$173,522) for current service and is included as an expenditure on the Statement of Operations and Accumulated Surplus (Deficit). The Board has no obligation, as at December 31, 2020, under the past service provisions. The OMERS funding ratio for 2020 is 97% (2019 - 97%), with the goal of being fully funded by 2025.

**4. Accumulated surplus (deficit)**

The accumulated surplus (deficit) includes the following:

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	<b>2020</b>	2019
Reserve fund	\$ 43,054	\$ 66,668
Tangible capital assets	179,426	166,890
Future post-retirement benefits	<b>(1,073,700)</b>	(1,033,200)
	<b>\$ (851,220)</b>	\$ (799,642)

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**5. Public Sector Salary Disclosure**

There were eight employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

**AYLMER POLICE SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**6. Employee post-retirement benefit liability**

Employee post-retirement benefits represents the Board's share of the cost to provide employees with extended benefits on retirement. 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 in 2018 in accordance with the financial reporting guideline of PSAB 3250.

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	2020	2019
<b>Total post-retirement benefit liability</b>	<b>\$ 1,073,700</b>	<b>\$ 1,033,200</b>

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Significant assumptions for the year ended December 31, 2020 are as follows:

General inflation	3.00%
Discount rate	3.50%
Rate of compensation increase	3.00%
Dental cost increase	4.50%
Healthcare increase overall	3.00%

**7. Commitments**

In 2019, the Board signed a new dispatch contract that is in effect until December 31, 2023. The contracted amount for 2020 is \$74,988 (2019 - \$71,532). The contract has provisions for extension beyond 2023.

**8. Significant event**

In March 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. It is unclear what financial impact the COVID-19 virus will have on the operations and funding of the Board. During 2020, the Board received \$18,260 towards COVID restart expenditures from the Safe Restart funding. The Board and management are continuing to monitor the situation.

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**AYLMER POLICE SERVICES BOARD  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Equipment	Automotive	2020 Total	2019 Total
<b>COST</b>				
Balance, beginning of year	\$ 215,978	\$ 214,591	\$ 430,569	\$ 359,022
Add:				
Additions during the year	-	49,698	49,698	71,547
Less:				
Disposals during the year	-	(33,729)	(33,729)	-
Balance, end of year	215,978	230,560	446,538	430,569
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	86,395	177,284	263,679	219,446
Add:				
Amortization during the year	17,087	20,075	37,162	44,233
Less:				
Disposals during the year	-	(33,729)	(33,729)	-
Balance, end of year	103,482	163,630	267,112	263,679
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>				
	\$ 112,496	\$ 66,930	\$ 179,426	\$ 166,890

This schedule is provided for information purposes only.