

The Regional Municipality of York Police Services Board

Public Board Meeting
June 22, 2022

Report of the Chief of Police

Audit of the 2021 Financial Statements

1. Recommendation

That the Board receive this report for information.

2. Summary

This report is to update the Board on a \$1,467,500 adjustment related to a prior period revenue adjustment to the 2021 financial reporting after completion of the external audit review by KPMG LLP.

Key Points:

- A prior period adjustment of \$1.47 million was made for revenue recognition from historical grant programs.
- Excluding the prior period adjustment of \$1.47 million, the York Regional Police 2021 year-end operating position is on budget. For comparison purposes, the Operating Budget for York Regional Police was 101.2 percent spent at December 31, 2020.
- Non-budgeted Public Sector Accounting Board (PSAB) required charges total \$9.6 million

3. Background

At its March 23, 2022 meeting, the Board received financial reporting (unaudited) for the period ending December 31, 2021, reporting total net operating expenditures of

\$360,652,043 or 100 percent of budget, subject to review by the Regional Finance staff and by external auditors. In May 2022, an external audit was completed by KPMG LLP Chartered Professional Accountants. A prior period adjustment of \$1.47 million was made to York Regional Police due to revenue recognition of historical provincial grant revenues between 1998 to 2019. This adjustment was facilitated by Region's Controllershship Office to offset outstanding accrual related continuity found at the conclusion of the provincial grant programs. No adjustments were made to capital and reserves.

4. Analysis

As in prior years, the Controllershship Office has applied non-budgeted charges of \$9,608,181 in accordance with Public Sector Accounting Board (PSAB) requirements for tangible capital asset costs for amortization, debt principal and disposal of capital assets. The resulting 2021 net expenditures total \$371,727,724 including non-budgeted PSAB charges, as per shown in Table 1.

Table 1
Non-Budgeted PSAB Charges

Account	Amount
Amortization expense	\$14,229,240
Debt principal contra	(\$4,782,190)
TCA sale proceeds	\$698,314
Gain on sale of capital assets	(\$580,468)
Loss on sale of capital assets	\$43,285
Total Non-Budgeted PSAB Charges	\$9,608,181

The financial reporting reflects current year results and includes prior year corporate adjustments that are reflected on the 2021 reported results.

5. Financial

In a typical year, surpluses are transferred to The Regional Municipality of York's Debt Reduction Fund in accordance with the surplus management policy within the Regional Fiscal Strategy. At its June 9, 2022 meeting, the Audit Committee received a report outlining an allocation of \$81 million from the operating surplus to reserves and reserve funds, which included the York Regional Police 2021 prior period adjustment of \$1,467,500.

6. Conclusion

It is therefore recommended that the audit of 2021 financial statements be received for the Board's information.

Accessible formats or communication supports are available upon request.

Jim MacSween, B.A.A.
Chief of Police

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