

Statement of Revenue and Expenditures of

**THE CITY OF WINDSOR**  
PROVINCIAL OFFENCES ACT

Year ended December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Ministry of the Attorney General of Ontario

We have audited the accompanying statement of revenue and expenditures of the Provincial Offences Office for Windsor/Essex Court Service Area for the year ended December 31, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information (together "the financial statement").

### *Managements Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statement that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statement 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



*Basis for Qualified Opinion*

The financial records of the Windsor/Essex Court Service Area operations are maintained and generated by the Integrated Courts Offences Network ("ICON") system, maintained by the Province of Ontario. The scope of our audit did not include a review over the controls of this system nor was a service auditor's report made available to us. Accordingly, we were not able to determine whether any adjustments might be necessary to fines and miscellaneous revenue collected.

Included in the revenue for the year ended December 31, 2017, is \$169,810 (2016 - \$230,697) received on behalf of the Windsor/Essex Court Service Area by other courts located throughout the Province of Ontario. The scope of our audit did not include a review of the systems or controls over cash collections and deposits at these other court locations. Accordingly, we were not able to determine whether any adjustments might be necessary to fines and miscellaneous revenue collected.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statement present fairly, in all material respects the operations of Provincial Offences Office for Windsor/Essex Court Service Area for the year ended December 31, 2017, in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

March 13, 2018

Windsor, Canada

# THE CITY OF WINDSOR

## PROVINCIAL OFFENCES ACT Statement of Revenue and Expenditures

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Fines and fees collected	\$ 4,551,578	\$ 5,156,951
Expenditures and disbursements:		
Salary and benefits	1,710,070	1,598,789
General administration	374,982	392,501
Materials and services	356,411	350,323
Provincial administration charges	465,106	502,615
Occupancy	332,899	318,742
3,239,468	3,162,970	
Income before disbursements to area municipalities	1,312,110	1,993,981
Disbursements to area municipalities	640,927	966,210
Excess of revenue over expenditures and disbursements	\$ 671,183	\$ 1,027,771

See accompanying notes to statement of revenue and expenditures.

# THE CITY OF WINDSOR

## PROVINCIAL OFFENCES ACT

### Notes to Statement of Revenue and Expenditures

Year ended December 31, 2017

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#### **1. Provincial offences administration and background:**

The City of Windsor (the “City”) under the authority of Part X of the Provincial Offences Act (“POA”), provides for and administers the POA courts in the Windsor/Essex Court Service Area, arranges for court support, has carriage of Part I prosecutions and associated appeals, and is responsible for the collection of related fines and fees. The POA is a procedural statute for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, and municipal by-laws; by virtue of the Contraventions Act of Canada, certain federal offences also fall under the POA umbrella. The POA governs all aspects of legal process from serving notice on a defendant, to conducting trials, including sentencing and appeals.

The Ministry of the Attorney General (“MAG”) has entered into a Memorandum of Understanding (“MOU”) pursuant to Part X of the POA, leading to the transfer of POA responsibilities to the City. The MOU contains terms and conditions that apply to every “Municipal Partner” in Ontario. It was recognized that there are certain considerations that are specific to individual court service areas. Therefore, a Local Side Agreement (“LSA”) has also been entered into between MAG and the City, setting out those specific terms and conditions. Taken together, the MOU and LSA constitute the Transfer Agreement.

In addition, an Intermunicipal Service Agreement (“ISA”) was entered into by the City with the other nine area municipalities. The City’s role under the ISA is to provide the transferred responsibilities on its own behalf as well as on behalf of the other municipalities. The revenue generated therefrom, less expenses, is shared on the basis of weighted assessment, with quarterly disbursements of net revenue or operating profit amongst the participants.

# THE CITY OF WINDSOR

PROVINCIAL OFFENCES OFFICE

Notes to Statement of Revenue and Expenditures (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies:

The statement of revenue and expenditures for the City's Provincial Offences Office is prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted in the preparation of this financial statement are as follows:

### (a) Revenue:

In accordance with policies adopted by other Provincial Offence offices and as a result of the nature of business activities, revenue is recognized on the cash basis. The revenue of the court office consists of fines levied under Parts I, II and III (including delay penalties) for POA charges filed at the court located at the Westcourt Place, 300-251 Goyeau Street, Windsor, Ontario. Offenders may pay their fines at any court office in Ontario, at which time their receipt is recorded in the Integrated Courts Offences Network ("ICON") mainframe system operated by the Province of Ontario.

Uncollected fines and fees outstanding at the date of transfer were assigned by the Province to the City of Windsor. These amounts will be recorded as revenue upon receipt.

Payments received for Victim Fine Surcharge and Dedicated Fines collected on behalf of the Province of Ontario in the amount of \$932,294 and \$48,685 respectively (2016 - \$1,109,025 and \$48,096) are recorded as net liabilities payable to the Province of Ontario by the City of Windsor and are consequently not recorded in the statement of revenue and expenditures.

### (b) Expenditures:

Expenditures are recorded on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and creation of a legal obligation to pay.

### (c) Tangible capital assets:

Tangible capital asset expenditures are reported separately and are not included in this financial statement.

# THE CITY OF WINDSOR

PROVINCIAL OFFENCES OFFICE

Notes to Statement of Revenue and Expenditures (continued)

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of a financial statement requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures for the period being reported on and disclosure of contingencies at the date of the statement. Actual results could vary from those estimates.

## 3. Pension agreements:

The City of Windsor makes contributions 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 length of service and rates of pay.

## 4. Commitment:

The City of Windsor has entered into an agreement to lease the premises for the City's Provincial Offences offices through 2018. The annual rental payments over the remaining term of the lease are as follows:

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2018

\$ 281,144

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