

Auditors' Report

To the Board of Commissioners of
Forensic Psychiatric Services Commission

We have audited the balance sheet of Forensic Psychiatric Services Commission as at March 31, 2000 and the statements of revenues, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the commission as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

New Westminster, Canada
May 12, 2000



Chartered Accountants

Forensic Psychiatric Services Commission

Statement of Revenues, Expenses and Net Assets

Year Ended March 31, 2000

Revenues

Grant, Ministry of Health	\$ 40,203,183
Medical Services Plan - medical sessions	3,078,605
Other	712,321
Amortization of deferred contributions	519,548
	<u>44,513,657</u>

Expenses

Salaries and benefits	23,642,625
Facilities	8,570,882
General services and supplies	11,556,656
Depreciation	519,548
	<u>44,289,711</u>

Excess of revenues over expenses 223,946

Contribution of operating supplies inventory,
Ministry of Health 231,808

Sick and severance adjustment (Note 3) (618,516)

Net assets (deficiency), unrestricted, end of year \$ (162,762)

Forensic Psychiatric Services Commission

Balance Sheet

March 31, 2000

Assets

Current

Cash	\$	1,111,661
Accounts receivable (Note 4)		1,454,146
Inventories (Note 5)		275,821

2,841,628

Due from Ministry of Health (Note 6)		1,305,737
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Restricted cash

Deferred contributions		192,492
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Trust fund		28,151
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220,643

Capital assets (Note 7)		1,096,237
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\$ 5,464,245

Liabilities

Current

Payables and accruals	\$	109,553
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Salaries and benefits payable		1,075,370
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Due to B.C. Mental Health Society		941,870
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2,126,793

Accrued employee future benefits (Note 8)		2,183,334
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Trust fund, patient funds		28,151
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Deferred contributions (Note 9)

Other		192,492
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Capital assets		1,096,237
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5,627,007

Net assets

Unrestricted		(162,762)
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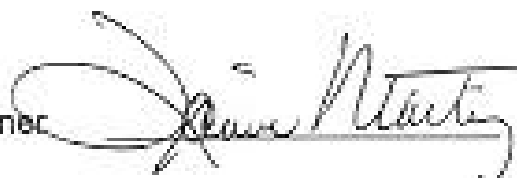
\$ 5,464,245

Commitments (Notes 8 and 10)

On behalf of the Board



Commissioner



Commissioner

Forensic Psychiatric Services Commission

Statement of Cash Flows

Year Ended March 31, 2000

Cash flows provided by (used in)

Operating activities	
Excess of revenues over expenses	\$ 223,946
Adjustments to determine cash flows:	
Depreciation	519,548
Amortization of deferred contributions	(519,548)
Change in non-cash working capital	887,715
	<u>1,111,661</u>
Financing activities	
Grants, purchase of capital assets	120,084
Deferred contributions, other	192,492
Patient trust funds	28,151
	<u>340,727</u>
Investing activities	
Purchase of capital assets	<u>(120,084)</u>
Increase in cash and cash, end of year	\$ <u>1,332,304</u>
Cash consists of:	
Cash	\$ 1,111,661
Cash, restricted	220,643
	<u>\$ 1,332,304</u>
Change in non-cash working capital	
Accounts receivable	\$ (1,454,146)
Inventories	(44,013)
Payables and accruals	109,553
Salaries and benefits payable	1,075,370
Due to B.C. Mental Health Society	941,870
Accrued future employee benefits (net)	259,081
	<u>\$ 887,715</u>

Forensic Psychiatric Services Commission

Notes to the Financial Statements

March 31, 2000

1. Operations

The current Forensic Psychiatric Services Commission (the "Commission") was formed in November 1998 under the Order of the Lieutenant Governor in Council No. 1424. Pursuant to a transfer agreement, the Commission assumed budget and staff resources from the Ministry of Health on April 1, 1999.

The Commission operates the Forensic Psychiatric Institute – Colony Farm and six community forensic psychiatric services clinics. Operations are funded principally by the Ministry of Health, Province of British Columbia and are intended to conduct fitness assessments for individuals appearing before the courts and to provide treatment to those found not guilty by reason of mental disorder.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Inventories

Inventories are recorded at cost.

Capital assets

Capital assets transferred from the Ministry of Health on April 1, 1999 were recorded by the Commission at net book value (cost less accumulated depreciation) per the Ministry of Health. Subsequent capital asset purchases are recorded at cost.

Operating grants include funding for furniture and equipment purchases. Purchases greater than \$1,000 are capitalized.

Depreciation is provided on the straight-line basis over a five-year period.

Land and buildings are owned by the British Columbia Buildings Corporation and are not recorded on the Commission's accounts.

Revenue

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized in revenue in the year which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Forensic Psychiatric Services Commission

Notes to the Financial Statements

March 31, 2000

2. Summary of significant accounting policies (continued)

Accrued retiring allowance

Under the terms of contracts with certain unions, employees with twenty years of service and having reached a certain age are entitled to receive special payments upon retirement. These payments are based upon entitlements for varying years of service. The liability for amounts payable to retiring employees has been calculated using management's best estimates, which are based on certain assumptions contained in actuarial valuations of entitlements for future retirees.

Further, certain employees, depending upon the conditions of their employment and having accumulated sick leave credits are entitled to receive special payments upon retirement. A liability for amounts which may become payable to retiring employees has been recorded.

3. Accrued retiring allowance – retroactive adjustment

The Commission has been advised that the accumulated retiring allowance for sick leave and severance benefits as at April 1, 1999, for employees transferred from the Ministry of Health, is \$618,516.

The amount of accrued retiring allowance is based on actuarial valuations as at April 1, 1999. This liability has been recorded in the accounts of the Commission as a decrease in net assets and as an increase in the long-term sick and severance liability account. The actuarial valuation also determined the total sick and severance expense of \$73,330 recorded in the statement of operations for the year ended March 31, 2000.

4. Accounts receivable

Ministry of Health	\$	1,108,185
Medical Services Plan		297,188
Miscellaneous		48,773
	\$	<u>1,454,146</u>

5. Inventories

Drygoods	\$	28,059
Program inventories		247,762
	\$	<u>275,821</u>

Forensic Psychiatric Services Commission

Notes to the Financial Statements

March 31, 2000

6. Due from Ministry of Health

In accordance with the transfer agreement with the Ministry of Health referred to in Note 1, the Commission assumed responsibility for all leave liabilities contained within union contracts for transferred employees effective April 1, 1999.

The Ministry of Health will reimburse the Commission for the costs of paying out leave bank obligations accumulated prior to the transfer date of April 1, 1999.

7. Capital assets

Furniture and equipment	\$	1,615,785
Less: accumulated depreciation		(519,548)
	\$	<u>1,096,237</u>

8. Retiring allowances and other employee entitlements

Accrued employee future benefits

Accrued retiring allowance	\$	658,013
Leave bank obligations		1,525,321
	\$	<u>2,183,334</u>

The Commission has been advised that the accumulated retiring allowance obligation as at March 31, 2000, is \$601,000. This is a decrease of \$58,000 against the amounts recorded in the accounts at March 31, 2000.

Pension commitment

The Commission and its employees contribute to the Public Sector Pension Plans under the Public Sector Pension Plans Act. Contributors to the Plans include local governments, hospitals, school districts, colleges and a number of small public bodies.

The Pension Corporation (previously the Superannuation Commission of the Province of British Columbia) administers the Plans, including the payment of pension benefits, on behalf of employers and employees to whom the Plans apply. Actuarial valuation of the assets and liabilities of the Plans disclosed a surplus in respect of basic pension benefits. The amount of the Commission liability, the method of financing and the responsibility for these obligations have not been established.

Contributions to the Plans are expensed in the year they are made and in the current year amounted to \$1,642,000.

Forensic Psychiatric Services Commission

Notes to the Financial Statements

March 31, 2000

8. Retiring allowances and other employee entitlements (continued)

Employee compensation

Certain employees may be entitled to additional compensation under union agreements. The cost of this additional compensation, together with the related funding from the Ministry of Health, if any, is not presently determinable. Accordingly, no provision for such amounts has been recorded in these financial statements as at March 31, 2000.

9. Deferred contributions

Other

Deferred contributions related to expenses of future periods represent unspent restricted contributions for specified purposes. Recognition of deferred contributions is recorded as revenue in the statement of operations. The balance as at March 31 consists of the following:

Access project	\$	113,342
Housing outreach project		25,189
Trailer project		3,000
Tuck shop		50,961
	\$	<u>192,492</u>

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. Amortization of capital contributions is recorded as revenue in the statement of operations.

Balance, transferred from the Ministry of Health	\$	1,495,701
Capital grants received		120,084
Less: amortization		(519,548)
Balance, end of year	\$	<u>1,096,237</u>

Forensic Psychiatric Services Commission

Notes to the Financial Statements

March 31, 2000

10. Commitments

The Commission leases land and buildings under an operating lease with the British Columbia Buildings Corporation. Lease payments for the year ended March 31, 2001 will be \$8,450,000 which will include base rent, operating and maintenance costs. The terms and conditions are negotiated annually.

Future lease payments in respect of vehicle leasing for each of the next five years approximate \$75,000.

On April 1, 1999, Forensic Psychiatric Services Commission entered into an agreement with British Columbia Mental Health Society (BCMHS) for purchasing, accounts payable and MIS services. Fees paid to BCMHS are approximately \$70,000 per year.

Forensic Psychiatric Services Commission

Hospital Operations

Schedule of Revenues

Schedule 1

Year ended March 31, 2000

Ministry of Health grant	
Current	\$ 40,323,267
Grants transferred to deferred contributions	(120,084)
	<u>40,203,183</u>
Medical Services Plan - medical sessions	<u>3,078,605</u>
Other	
Ancillary	505,125
Cafeterias	45,187
Interest	70,378
Rehabilitation	28,208
Miscellaneous	63,423
	<u>712,321</u>
Amortization of deferred contributions	<u>519,548</u>
	<u>\$ 44,513,657</u>

Forensic Psychiatric Services Commission

Hospital Operations

Schedule of Expenses

Schedule 2

Year ended March 31, 2000

Salaries and benefits	
Salaries and wages	\$ 18,225,004
Supplementary salary costs	920,475
Accrued vacation, sick time, overtime and severance	617,483
Employee benefits	3,879,663
	<u>23,642,625</u>
Facilities	
Land and building rents	5,629,566
Operations and maintenance	2,158,340
Property taxes	782,976
	<u>8,570,882</u>
General services and supplies	
Professional services	3,598,387
Sessional physicians	4,960,497
Materials, supplies and maintenance	473,185
Drugs, general	243,398
Clozapine	346,548
Risperidone	36,441
Olanzapine	170,671
Food	495,334
Tuck shop	126,377
Communications	382,397
Office	364,806
Travel	358,615
	<u>11,556,656</u>
Depreciation	<u>519,548</u>
	<u>\$ 44,289,711</u>
