

Farr, Denis

From: Shekar Chandrashekar
Sent: May-11-16 11:12 AM
To: Farr, Denis
Subject: Re: Direct Appeal

Mr.Farr

Please add the following sentence

It is a By-Law established by City Council to show police budget should be separate to show taxpayers of Hamilton,How much it costing to operate financial operation of Hamilton Police.

Please, put this as correspondence for up coming A& A

Respectively submitted by a concern Citizen
shekar

From: Shekar Chandrashekar
Sent: May 10, 2016 4:45 PM
To: Denis.Farr@hamilton.ca
Subject: Fw: Direct Appeal

Mr.Farr

Please, put this as correspondence for up coming A& A

Respectively submitted by a concern Citizen
shekar

From: Shekar Chandrashekar <
Sent: May 10, 2016 4:43 PM
To: mike.zegarac@hamilton.ca
Cc: Brown, Charles; Amy.Bodner@hamilton.ca; ppciapanna@kpmg.ca; ted mason; John Randazzo;
kweatherill@hamiltonpolice.on.ca; EGrit@hamiltonpolice.on.ca
Subject: Direct Appeal

Mr. Zegaric

This is a direct appeal to you. What had happened in 2013 is repeated in 2015 as shown in audit Report 2014-15 and AUD 15001 dated January 19, 2015, A& A. Refer to Appendix "A" page 5 of 9 under heading 2011 Budget comments by Internal Auditor specifically the last line beginning "Even though there was no indication that the HPS Board or City Council were explicitly informed of the budget base transfer, such actions **appear** reasonable and there **does not appear to be any malicious intent** to "artificially inflate" the budget.

Mr. Zegarac..it has happened again in the 2015 budget increase going into 2016. However the 2015 original budget was approved by PSB on 2014 December 15 PSB 14-119 Net budget \$148,863,375. Levy By-law 15-121 has passed on this amount to the Hamilton taxpayers for the Hamilton Police Services share of financial

operations. The question becomes: why did City Council have to pass such a Levy By-Law if staff do not follow City Council's Directive?

Mr. Zegarac...I hope to hear your response and trust you will advise City Council accordingly.

Respectfully submitted by a concerned Citizen

Shekar

DESCRIPTION	Account Number	2014	2015	RECOMM.	2015*	%
		MAINT. BUDGET	MAINT. BUDGET	PROGRAM CHANGES	BUDGET	INCREASE
Equipment Lease/Rental	55310	5,960	30,960	0	30,960	419.46%
Rent-Air Cards	55331	88,700	88,700	0	88,700	0.00%
Rent - Cellular Phones	55332	179,800	151,910	0	151,910	-12.59%
Rent - Office & Buildings	55358	69,925	69,925	0	69,925	0.00%
Rent-Operating Equipment	55365	147,000	147,000	0	147,000	0.00%
Rent Pagers	55370	2,000	1,500	0	1,500	-25.00%
Advertising & Promotion	55401	102,590	82,650	0	82,650	-19.44%
Contractual Services	55916	234,800	256,540	0	256,540	9.26%
CONTRACTUAL		824,775	829,185	0	829,185	
Police Male Chorus	58201	6,000	6,000	0	6,000	0.00%
Police Choir	58201	7,300	7,300	0	7,300	0.00%
Police Pipe Band	58201	15,000	15,000	0	15,000	0.00%
Honour Guard	58201	6,000	6,000	0	6,000	0.00%
AGENCIES AND SUPPORT PAYMENTS		34,300	34,300	0	34,300	
Transfer to Reserve (Vehicle Purchases)	58102	1,438,500	1,494,900	0	1,494,900	3.92%
C.A. -IND Fin Accounting Services Recovery	59410	56,240	56,240	560	56,800	1.00%
C.A. -IND Fin Application Support Recovery	59411	18,390	18,390	180	18,570	0.98%
C.A. -IND Fin Payroll Recovery	59412	130,750	130,750	1,310	132,060	1.00%
C.A. -IND Fin Accounts Payable Recovery	59413	56,870	56,870	570	57,440	1.00%
C.A. -IND Fin Purchasing Recovery	59414	85,550	85,550	860	86,410	1.01%
C.A. -IND Fin Accounts Receivable Recovery	59415	1,520	1,520	20	1,540	1.32%
C.A. -IND Current Budgets Recovery	59421	52,020	52,020	520	52,540	1.00%
C.A. -IND Information Services Recovery	59430	30,910	30,910	310	31,220	1.00%
C.A. -Hardware Lease/Maintenance	59433	80,000	20,000	0	20,000	-75.00%
C.A. -Capital App Server	59435	800	0	0	0	-100.00%
C.A. -IND Legal Services Recovery	59440	45,570	45,570	460	46,030	1.01%
C.A. -Insurance	59446	1,423,140	1,561,095	0	1,561,095	9.69%
RESERVES/RECOVERIES		3,420,260	3,553,815	4,790	3,558,605	
C.A.-Communications	58934	660,250	660,250	0	660,250	0.00%
COST ALLOCATIONS		660,250	660,250	0	660,250	
TOTAL OPERATING EXPENDITURES		153,754,080	158,455,375	2,510	158,457,885	3.06%

DESCRIPTION	Account Number	2014	2015	RECOMM.	2015	%	
		MAINT. BUDGET	MAINT. BUDGET	PROGRAM CHANGES	BUDGET	INCREASE	
REVENUES							
Police Fees from Province	43459	3,612,205	3,612,205	430,945	4,043,150	11.93%	430,945
COMMUNITY POLICING PARTNERSHIP GRANT	43550	870,000	870,000	0	870,000	0.00%	0
PROVINCIAL SAFER COMMUNITIES GRANT	43550	1,330,000	1,330,000	0	1,330,000	0.00%	0
GRANTS AND SUBSIDIES		5,812,205	5,812,205	430,945	6,243,150		430,945
False Alarms Fees	45503	489,800	489,800	0	489,800	0.00%	0
File Closure Fees	45509	3,000	3,000	0	3,000	0.00%	0
Witness Fees	45534	2,500	2,500	0	2,500	0.00%	0
Police Fees Special Duty Administration	45572	250,000	250,000	39,275	289,275	15.71%	39,275
Police Fees	45573	647,370	647,370	(132,710)	514,660	-20.50%	(132,710)
Police Visa Clearances	45575	893,000	893,000	23,395	916,395	2.62%	23,395
Tow Fees	45633	150,000	150,000	0	150,000	0.00%	0
Transportation of Prisoners	45637	20,000	20,000	0	20,000	0.00%	0
Sale of Accident Reports	47609	100,000	100,000	0	100,000	0.00%	0
Gen Occur/ID Photo Sales	47610	32,000	32,000	0	32,000	0.00%	0
FEES AND GENERAL		2,587,470	2,587,470	(70,040)	2,517,430		(70,040)
From Vehicle Reserve	47113	125,000	125,000	0	125,000	0.00%	0
From Capital Reserve	47113	175,000	175,000	0	175,000	0.00%	0
From Omers Type III Account	47113	0	98,700	0	98,700	#N/A	98,700
Recovery from Dev Charge Rsve	47117	309,785	310,230	0	310,230	0.14%	445
Police Tax Stabilization Reserve	47117	150,000	150,000	(25,000)	125,000	-16.67%	(25,000)
RESERVES/CAPITAL RECOVERIES		759,785	868,930	(25,000)	833,930		74,145
TOTAL REVENUES		9,169,460	9,258,605	335,905	9,594,510	4.75%	435,050
TOTAL NET EXPENDITURE		144,694,620	149,106,770	(333,395)	148,863,375	2.95%	4,268,755

CITY OF HAMILTON

BY-LAW NO. 15-121

Schedule "A"

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2015 OPERATING BUDGET

2015 LEVY

City Services	
Planning & Economic Development	28,528,420
Public Health Services	11,714,361
Community Services	122,030,103
Public Works	203,446,342
Legislative	4,288,337
City Manager	12,966,401
Corporate Services	20,027,723
Outside Boards & Agencies	40,693,817
Community Partnership Program	5,332,622
Hamilton Entertainment Facilities	4,850,000
Corporate Financials / Capital Financing	54,610,394
Sub-Total Property Tax Levy for City Services	508,488,520
Police Services	143,863,375
Share of Non Program Revenues	<u>(44,089,420)</u>
Total General Municipal Levy	<u>613,262,475</u>
Special Services (Area Rated)	
Transit	41,194,990
Sidewalk Snow	122,931
Parkland Purchase	1,650,763
Fire	84,938,878
Recreation	33,352,397
Sidewalk Levy	2,349,388
Streetlighting	7,317,597
Re-investment for infrastructure renewal	13,428,869
Total Special Municipal Levy (Area Rated)	<u>184,355,814</u>
Total Municipal Property Tax Levy Requirement	<u>797,618,289</u>

Note: Each respective budget includes related Capital Financing

Anomalies in totals due to rounding

In either of these cases, KPMG further explained that the above fees assume that staff (be it City of Hamilton staff or HPS employees) prepare HPS' financial statement and review all of the City accounts for police financial information that must be separated. Audit Services did not assess the amount of time that may be required to carry this out or whether capacity exists with current City and/or HPS staffing resources to provide this support. However, City staff incur considerable overtime in preparing similar documents for the City's financial statements. In addition, the above fees assume that tangible capital assets and employee future benefits will be excluded from the audit. If the HPS Board wishes to include these areas, the cost would increase by approximately \$4,000.

In summary, KPMG provided Audit Services with quotes for two different types of audits that will range in cost from \$10,000 - \$21,200. The cost of incremental City and/or HPS staff time spent compiling the financial statements, schedules, other documentation and support required by KPMG in order to complete an audit must be investigated further in order to understand the complete audit cost.

2011 BUDGET

Claim: Mr. Chandrashekar noted that the HPS Board and Hamilton City Council approved a \$130,752,220 HPS operating levy for the 2011 calendar year. The 2011 HPS operating levy reported in the 2012 budget submission [as the prior year comparator] was increased by \$469,770. Neither the HPS Board nor City Council approved this increase to the 2011 HPS budget. Mr. Chandrashekar believes that expenditures in the 2011 base budget were "artificially inflated" in order to report a smaller percentage increase when comparing the 2012 operating budget to the prior year. HPS explained to Mr. Chandrashekar that this budget base transfer was initiated by City staff in order for the police to assume their portion of costs related to the corporate radio system.

Comments: The increase identified by Mr. Chandrashekar pertains to a 2012 budget base transfer and the 2011 prior year reallocation of HPS' portion of charges associated with the corporate radio system. In order to produce a 2012 budget more reflective of actual HPS related expenditures, City staff ensured that HPS' portion of the cost recovery for infrastructure and equipment (\$469,770) and the annual maintenance fee (\$190,480) were included in HPS' operating budget. HPS' portion of the 2011 cost recovery for the radio infrastructure and equipment (\$469,770) was transferred from the "Corporate Financial" budget to ensure the comparability of the 2011 and 2012 expenses. The 2011 restated budget appeared in the 2012 budget documents provided to the HPS Board and City Council. Even though there was no indication that the HPS Board or City Council were explicitly informed of the budget base transfer, such actions appear reasonable and there does not appear to be any malicious intent to "artificially inflate" the budget.

Claim: Mr. Chandrashekar stated that "the manager of budget who originated the change conceded to the above."