

Schedule of Operations

**HAMILTON
POLICE SERVICES**

Year ended December 31, 2016

DRAFT



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INDEPENDENT AUDITORS' REPORT

To the Hamilton Police Services' Board

We have audited the accompanying schedule of operations of the Hamilton Police Services for the year ended December 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information (the "schedule"). The schedule has been prepared by management in accordance with the basis of accounting described in Note 1 to the schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the schedule in accordance with the basis of accounting described in Note 1 to the schedule; this includes determining that the basis of accounting is an acceptable basis for the preparation of this schedule in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule 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 schedule is free from material misstatement.

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



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

Opinion

In our opinion, the schedule of operations of the Hamilton Police Services for the year ended December 31, 2016 is prepared, in all material respects in accordance with the basis of accounting described in Note 1 to the schedule.

Basis of Accounting and Restriction on Use

Without modifying our report, we draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule has been prepared by management for management purposes. Our report is intended solely for the Hamilton Police Services Board and the City of Hamilton and should not be used by parties other than the Hamilton Police Services Board and the City of Hamilton.

Chartered Professional Accountants, Licensed Public Accountants

DATE
Hamilton, Canada

HAMILTON POLICE SERVICES

Schedule of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Revenues:			
Municipal contributions: (Note 2)	\$ 151,457,039	\$ 151,035,039	\$ 146,862,587
Grants and subsidies	7,290,628	7,533,818	9,364,221
Fees & general revenues	2,640,555	4,520,720	4,388,693
Development charges earned	310,570	347,584	349,692
Total revenues	161,698,792	163,437,161	160,965,193
Expenses:			
Employee related costs	147,661,674	149,914,451	144,067,313
Materials and supplies	5,286,435	4,698,278	4,672,299
Buildings and grounds	2,463,970	2,796,687	2,595,594
Insurance	2,025,720	2,025,720	1,789,675
Vehicle expenses	1,952,800	1,713,932	1,902,008
Contractual expenses	811,290	707,900	758,955
Financial/Legal charges	607,710	594,512	611,379
Cost allocation	660,250	660,250	660,250
Finance costs	162,043	162,043	192,472
Consulting expenses	27,600	52,102	-
Agencies and support payments	39,300	34,300	34,300
Total expenses	161,698,792	163,360,175	157,284,245
Annual surplus	-	76,986	3,680,948
Net transfers to reserves	-	76,986	3,680,948
Surplus, end of year	\$ -	\$ -	\$ -

See accompanying notes to schedule of operations.

HAMILTON POLICE SERVICES

Notes to the Schedule of Operations

Year ended December 31, 2016

Hamilton Police Services (the "HPS") is responsible for adequate and effective police services, law enforcement and crime prevention within the City of Hamilton.

1. Significant accounting policies:

The schedule of operations (the "schedule") has been prepared by management in accordance with the recognition and measurement principles of Canadian public sector accounting standards (PSAS) except that it records minor capital assets as an expense, does not capitalize or amortize tangible capital assets and does not record employee future benefits. The schedule does not include the presentation principles or the presentation of all the statements and note disclosures required by PSAS for a complete set of statements. Significant accounting policies adopted by the HPS are as follows:

(a) Accrued basis of accounting:

HPS follows the accrual method of accounting for revenues and expenditures with the exception of tangible capital asset and employee future benefits. Revenues are recognized in the year in which they are earned. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services with the exception of employee future benefits which are expensed when paid.

(b) Use of estimates:

The preparation of the schedule in conformity with Canadian public sector accounting standards requires management to make estimates affecting the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. Municipal Contributions

	Budget	2016	2015
Net expenditure	\$ 153,250,091	\$ 153,173,105	145,411,007
Contributions from reserves			
to current	288,500	113,500	-
OMERS type III	93,575	93,575	98,700
Vehicle reserve	(1,560,400)	(1,557,400)	(1,494,900)
Principal amount cap finance	(864,727)	(864,727)	(833,168)
Surplus	-	76,986	3,680,948
Tax stable reserve	125,000	-	-
Vehicle reserve	125,000	-	-
	\$ 151,457,039	\$ 151,035,039	\$146,862,587