

Morin, Lois

4.5(c)

From: Shekar Chandrashekar <shekarhamilton@gmail.com>
Sent: July-16-18 3:35 PM
To: Morin, Lois
Cc: vitosgro0@gmail.com; Cameron Kroetsch; ctwolan@hpa.on.ca; Brown, Charles
Subject: Fwd: Fw: To reconsider HST Payment \$ 89,388.53 and item 4.5(n) as approved June 21,2018 HPSB.
Attachments: 15 JULY 2018 HST RELATED TO HPS FOR JULY26,2018 HPSB MEETING.pdf

----- Forwarded message -----

From: **Shekar Chandrashekar** <shekarfamily@hotmail.com>
Date: Mon, Jul 16, 2018 at 3:21 PM
Subject: Fw: To reconsider HST Payment \$ 89,388.53 and item 4.5(n) as approved June 21,2018 HPSB.
To: "shekarhamilton@gmail.com" <shekarhamilton@gmail.com>

From: Shekar Chandrashekar <shekarfamily@hotmail.com>
Sent: July 15, 2018 5:45 PM
To: Morin, Lois
Cc: vitosgro0@gmail.com; Cameron Kroetsch; ctwolan@hpa.on.ca; Charles.Brown@hamilton.ca
Subject: To reconsider HST Payment \$ 89,388.53 and item 4.5(n) as approved June 21,2018 HPSB.

Good after noon Ms.Morin

Please, find attached memo and detail additional documents to support why HPS must not PAY HST.

Ms.Morin please, put it in up coming HPSB meeting July 26,2018

Respectfully requested by a Private Citizen.

Shekar Chandrashekar
39 Haddon Ave. South
Hamilton, ON L8S 1X5
Email: Shekarfamily@hotmail.com
Tel. 905)525-3082
Date: July 15, 2018

Mr. Chairman and Members of Hamilton Police Services Board

Attention: Ms. Morin

Dear Ms. Morin

Re: Incorrect allocation of HST reassessment to HPS

For the board to question staff:

As per the attached Unallocated Expense for the period ending December 31, 2017, there are three major concerns as follows:

- GST was replaced by HST some time ago so any reference to GST would refer to a period of time considerably in the past.
- CRA reassessed the City for additional HST. City staff allocated \$89,388.53 of that reassessment to HPS without bringing it to HPSB. HPS staff made this payment to the City by reducing their annual surplus. HPSB must question staff how did this happen without bring it to the board's attention or mentioning it in the 2017 year-end Budget Variance Report PSB 18-081.
- Police Services residential levy has been overstated by \$89,388.53

Analysis:

At the June 21, 2018, HPSB meeting Councilor Terry Whitehead touched on the subject of HST in response to a detailed submission I had made to the board. However Councilor Whitehead received an inaccurate response from staff. Councilor Whitehead may not have questioned staff clearly, however, it is not the responsibility of the member of the board, it is the responsibility of staff to provide accurate information to members of the board to facilitate discussion so that the board may make prudent decisions for the benefit of taxpayers.

Conclusion:

Mr. Chairman and Members of HPSB please refer to my detailed submission and all supporting documents attached. My submission, Item 4.5(n), to request HPSB to not pay HST in the amount of \$ 89,388.53 was approved at the HPSB meeting on June 21, 2018. I had advised that the board ask who had benefited by the HST receipts that were reassessed ie the City or Police? I had extensive correspondence with the City and I confirmed that the City had absorbed the HST in the City's general revenue. Then why did HPS staff bury the charge in their December 31, 2017, year end surplus? Refer to HPSB agenda PSB 18-081 dated June 21, 2018.

Mr. Chairman and Members of HPSB, please reconsider your decision to absorb the HST charge. Take ownership of HPS financial operations and reconsider public input before the 2019 operational budget is approved.

I have been bringing incorrect financial transactions to light as well as problematic budgeting procedures. I have submitted research and documents including HPS staff reports. I have been extrapolating and interpreting and providing actual supporting documents. Yet no action has

been taken. Why? One might conclude that the board is intent on proving that it is divided and dysfunctional. Who are victims? They are the police association and taxpayers of Hamilton.

Reconsider public input for 2019 budget before HPSB approves.

"My mission is Police Chief to hire more uniform officers and detectives to fight against increase in crime and to make our Hamilton streets safer."

Respectfully submitted by a concerned private Citizen

Enclosures are attached.

The City of Hamilton

** Available Funds Report **

Fiscal Year: 2017 Period: 10 FBR000
 Category: CURRENT Current
 Business Unit: HAWTH
 Ings: 376
 Dept: 376135 Unallocated Expenses

Account Descr	Budget	Monthly	Year to Date	Commitments	Available Bal.	
1497 Third Party Contrib/Grants	0.00	-4,963.00	-19,497.79	0.00	19,497.79	0
1641 Union Fee Billings	0.00	-6,195.98	-6,195.98	0.00	6,195.98	0
Total Account Type: Revenues	0.00	-11,158.98	-25,693.77	0.00	25,693.77	0
706 Vacation Pay	491,310.00	0.00	712,200.83	0.00	-220,890.83	145
731 Service Pay	182,600.00	0.00	0.00	0.00	182,600.00	0
800 Employee Death Benefits	0.00	72,570.00	72,570.00	0.00	-72,570.00	0
802 Pensions - Oners	26,660.00	0.00	0.00	0.00	26,660.00	0
807 Accumulated Sick Leave	1,001,050.00	0.00	55,770.53	0.00	945,279.47	6
811 Government Benefit	3,570.00	14.95	169.79	0.00	3,400.21	5
815 Employer Benefits	2,554,500.00	410,275.31	2,601,561.76	0.00	-47,161.76	102
898 WSIB Benefit Recovery	1,350,000.00	212,500.00	1,350,000.00	0.00	0.00	100
906 Meal Allowance	25,000.00	2,117.16	23,950.67	0.00	1,949.33	92
909 Employer Paid Parking	0.00	0.00	437.17	0.00	-437.17	0
425 Legal Fees	75,000.00	26,748.89	130,247.29	0.00	-55,247.29	174
039 Miscellaneous Supplies	0.00	0.00	1,869.85	0.00	-1,869.85	0
05D Office Supplies	0.00	0.00	0.00	0.00	0.00	0
131 Operating Expense	0.00	17,172.99	19,735.88	0.00	-19,735.88	0
606 Food / Meals	0.00	0.00	0.00	0.00	0.00	0
345 GST Adjustments	0.00	89,388.53	89,388.53	0.00	-89,388.53	0
761 Membership Fees	0.00	0.00	5,000.00	0.00	-5,000.00	0
916 Contractual Services	0.00	0.00	5,919.39	0.00	-5,919.39	0
101 Transfr To Reary Frm Curr	0.00	611,710.83	611,710.83	0.00	-611,710.83	0
201 Grants	34,300.00	0.00	34,300.00	0.00	0.00	100
Total Account Type: Expenditures	5,743,990.00	1,342,498.56	5,714,032.52	0.00	29,957.48	99
Total for Deptid: 376135						
** Revenue:	0.00	-11,158.98	-25,693.77	0.00	25,693.77	0
** Expenditure:	5,743,990.00	1,342,498.56	5,714,032.52	0.00	29,957.48	99
** Net Totals:	5,743,990.00	1,331,339.58	5,688,338.75	0.00	55,651.29	99

HAMILTON POLICE SERVICES BOARD

- INFORMATION -

DATE: 2018 June 21

REPORT TO: Chair and Members
Hamilton Police Services Board

FROM: Eric Girt
Chief of Police

SUBJECT: 2017 Year-End Budget Variance Report
PSB 18-081

BACKGROUND:

The Hamilton Police Service (HPS) has completed its 2017 year-end process; the detailed actual-to-budget and actual-to-actual analysis of revenues and expenditures for the year ended December 31, 2017. Budgeted Variance Report is attached (Appendix A).

Historically, HPS has been audited by the City of Hamilton's independent external auditors (currently KPMG) as part of the City's annual year-end audit and its operations consolidated into the City of Hamilton's annual financial statements.

The City's General Issues Committee (FCS 15081) approved a separate annual audit of HPS Schedule of Operations in addition to the City's historical annual consolidated audit for 2015 and 2016 fiscal years. No audit findings were identified by KPMG.

In August 2017, the City's Audit, Finance, and Administration Committee (AF&A, report FCS 17073), approved the recommendation "that the Police Services audit of operations be removed from the schedule of required annual audits". Since HPS is "consolidated into the City of Hamilton's annual financial statements and are part of the City's audit", and "no audit findings" were identified for 2015 and 2016, the "additional audit is not required". HPS will continue to be audited as part of the City's annual consolidated audit for 2017 and future years.

2017 Year-End Results

The 2017 Hamilton Police Service Operating Budget was approved at \$157,333,370 which is comprised of \$168,403,238 in total expenditures, offset by \$11,069,868 in total revenues.

The current Collective Agreements expired on December 31, 2017. All retro payments related to the terms of the Collective Agreements were paid and/or accrued in 2017.

The 2017 Hamilton Police Service actual year-end position resulted in a favorable Operating Budget variance (a surplus) of \$611,711 (0.39% of total budget). The favorable variance details are summarized below.

Revenue – Favourable Variance \$164,975

Overall, HPS realized a total net favourable revenue variance of \$164,975. This variance is mostly attributed to greater than anticipated revenue in Police Clearances, Paid-Special Duty, Police fees and False Alarm fees. These increases were offset with decreases in General Occurrences/ID Photos, Tow Fees and Sale of Accident Reports.

The Hamilton Police Service received the sixth year of the Provincial Court Security upload in 2017. The Court Security upload is the result of the Provincial government initiative to help offset the cost of municipal court security services through a phased-in upload over seven (7) years that began in 2012. These monies are directly applied against court security costs incurred each year.

HPS continues to take advantage of Provincial and Federal funding initiatives to address operational, training and equipment needs. Unbudgeted/unanticipated funding increases were realized in Proceeds of Crime, Victims Quick Response, Repeat Offender Parole Enforcement (ROPE), Prisoner Transportation, Youth in Policing (YIP), Crisis Support for Emergency Situations, Hate Crime and Extremism, Witness Protection, Intelligence and Federal Prostitution Exit Support Service grants. In addition, HPS received monies from the Department of Justice Canada for Victims and Survivors of Crime Week. These grant monies are offset with direct expenditures from their respective programs.

In addition, HPS incurred reductions in Firearms grant and OPC secondment revenue as a result of staffing changes in those positions.

Expenditures – Total Favourable Variance \$446,736

The Hamilton Police Service realized a total surplus in operating expenditures of \$446,736 in 2017. Several of the highlighted areas are as follows:

Employee Related Costs – Over Expenditure (\$31,196)

The net unfavorable variance in Employee Related Costs can be attributed to greater than anticipated sick bank and vacation payouts due to member retirements/resignations and part-time wages. These over-expenditures were mostly offset by savings in full-time salary costs due to maternity/parental leave, LTD, and gapping.

The sick bank and vacation payouts fluctuate each year based not only on the number of retirements/resignations, but also on employees' accumulated sick bank balances and earned/untaken vacation entitlements as negotiated in the current Collective Agreements.

Members on maternity/parental leave, WSIB, and LTD are replaced by part-time members (for civilian positions, overtime for sworn positions) and therefore, savings of full-time salaries are realized for members on maternity/parental leave and LTD.

Financial/Legal Charges - (\$60,653) over expenditure is mainly attributed to a discipline hearing, grievance/arbitration, human rights complaints, SIU investigations and Board related legal services.

Material and Supplies - \$383,694 net savings is mainly attributed to savings in the OPP monitoring contract with additional net savings in operational expenses, repairs and supplies.

In 2017, the City of Hamilton, including HPS, was subject to an HST audit by Canada Revenue Agency (CRA). HPS was assessed for non-collection of HST at source (plus interest) for the years 2014-2016 in towing fees, photo ID, accident reports, and miscellaneous revenue. As a result of the assessment, HPS notified customers and began applying HST in December 2017. Efforts are being made in attempt to recover some of the assessed amounts. This assessment has been netted against the savings.

Vehicle Expenses - \$128,540 net savings is mainly attributed to outsourced repairs. A significant portion of vehicle repair expenses was eligible under vehicle warranty, thus, there was no cost for these repairs to HPS. In addition, the tender on Original Equipment Manufacturer's (OEM) parts yielded significant savings in auto part purchases.

Buildings and Grounds - (\$121,040) over-expenditure is mostly attributed to higher than anticipated costs in hydro and telephone. The transition to the VOIP telephone system was implemented in stages (completed in summer 2017) and, thus, HPS continued to incur old system telephone costs until the VOIP implementation was fully completed. These over-expenditures were offset with savings in horticultural services, building repairs and heating fuel.

Consulting - (\$27,351) over-expenditure is attributed to professional fees for the hiring process of senior positions within the Service for the Deputy Chief of Police and the Chief Administrative Officer.

Contractual - \$168,415 savings is attributed mostly to cellular phones, air card rentals, photocopier rentals and contractual services. New corporate contracts were negotiated which resulted in significant savings.

The 2017 HPS budget included contributions from the Police Tax Stabilization Reserve of \$75,000, the Police Vehicle Reserve of \$125,000, and the Police Capital Reserve of \$288,500 as sources of revenue. Due to the overall net surplus, these contributions were not required and, as a result, remained in their respective reserve accounts. The 2017 continuity schedule for the Hamilton Police Reserves is shown in Appendix B.

Conclusion

In accordance with the "Operating Budget Surplus/Deficit Policy", the City of Hamilton Finance Department closed the 2017 HPS operating budget surplus of \$611,711 to the Police Tax Stabilization Reserve, a standard operating procedure at year-end.



Eric Girt
Chief of Police

EG:JR

Attachments: *Appendices A-B*

cc: Anna Filice, Chief Administrative Officer
John Randazzo, Chief Accountant - Finance

Milton Police Service
 Budget Variance Report
 Year Ended December 31, 2017

Appendix A

YTD Budget % : 100.00%

	Annual Budget A	2017 Actual B	Available Balance C=A-B	% Spent B/A
Revenues				
Grants and subsidies	\$ (7,583,824)	\$ (7,986,118)	402,294	105.30%
Fees and general revenues	(2,686,844)	(2,938,021)	251,177	109.35%
Reserves/Capital recoveries	(799,200)	(310,703)	(488,497)	38.88%
Total revenues	(11,069,868)	(11,234,843)	164,975	101.49%
Expenses				
Employee related costs	150,960,457	150,991,653	(31,196)	100.02%
Materials and supplies	5,887,543	5,503,848	383,695	93.48%
Vehicle expenses	1,997,000	1,868,460	128,540	93.56%
Buildings and grounds	2,426,494	2,547,534	(121,040)	104.99%
Consulting expenses	27,600	54,951	(27,351)	199.10%
Contractual expenses	793,590	625,175	168,415	78.78%
Agencies and support payments	34,300	34,300	-	100.00%
Reserves/Recoveries	4,297,084	4,290,755	6,329	99.85%
Cost allocation	660,250	660,252	(2)	100.00%
Capital financing	1,027,200	1,027,200	-	100.00%
Financial/Legal charges	291,720	352,373	(60,653)	120.79%
Total expenses	168,403,238	167,956,502	446,736	99.73%
Total Net Expenditure	\$ 157,333,370	\$ 156,721,659	\$ 611,711	99.61%

**Hamilton Police Service
Summary of Reserve Balances
2017 Reserve Activity**

Appendix B

Reserve Number	Reserve Name	Balance		Transfers		Interest		Transfers		Balance	
		Dec 31/2016	Dec 31/2017	To(+)	From (-)	Earned(+)	Earned(+)	From (-)	From (-)	Dec 31/2017	
104055	Tax Stabilization - Police	490,755 (3)	985,049	16,422 (6)	(551,272)					940,954	
104056	Police ISD Forensic Building	6,639,262		150,123						6,789,385	
110020	Police Vehicle Replacement	1,601,502 (1)	1,702,600	43,861 (2)	(2,084,593)					1,263,370	
110065	Police Capital Expenses	1,100,192		24,877						1,125,069	
112029	Vacation Liability Reserve	1,468,930		33,169						1,500,099	
112030	Sick Leave Police	6,109,589		138,146						6,247,735	
112210	Provision Police Litigation	259,851						(259,851) (4)			
112220	Police Special Events	113,487						(113,487) (5)			
112225	Rewards - Police Board	181,509		4,104						185,613	
22218-000100	OMERS Type III (see note below)	558,893		12,637						571,531	
TOTAL RESERVES		\$ 18,521,971	\$ 2,687,643	\$ 423,340	\$ (3,009,204)	\$	\$	\$	\$	18,623,756	

- (1) - transfer to Vehicle Reserve from Police 2017 Approved Operating Budget for vehicle purchases and upfitting, PSB 16-134
- (2) - transfer from Vehicle Reserve to Police Capital Fund (WIP Accounts) for approved Police vehicle purchases and upfitting
- (3) - 2017 Operating Surplus \$811,711 and funds transferred from closed reserve accounts as per HPS Board approval (1) \$259,851 and (2) \$113,487 (see items (4) and (5))
- (4) - reserve closed out, approved funds allocated to reserve 104055, as per the HPS Board approval PSB 17-080
- (5) - reserve closed out, approved funds allocated to reserve 104056, as per the HPS Board approval PSB 17-080
- (6) - funds transferred to 2017 Operating Budget for legal indemnification, as approved by the HPS Board PSB 17-095

Note - OMERS Type III account represents the unused portion plus accumulated interest of the OMERS Type III surplus that was divided with the Hamilton Police Association, Senior Officers Association, the Chief and Deputies in 1997. These funds must be used in accordance with the agreement signed by the parties stated above. The monies must be used for specific improvements for the service and / or front line staff.

HAMILTON POLICE SERVICES BOARD

- RECOMMENDATION -

DATE: 2018 June 21
REPORT TO: Chair and Members
Hamilton Police Services Board
FROM: Eric Girt
Chief of Police
SUBJECT: 2017 Year-End Surplus Allocation Plan
PSB 18-082

RECOMMENDATION:

That the Hamilton Police Service Board approve the Allocation Plan for the 2017 Operating Budget favorable variance (surplus) of \$611,711.



Eric Girt
Chief of Police

FINANCIAL / STAFFING / LEGAL IMPLICATIONS:

FINANCIAL – See details in Appendix A
STAFFING – n/a
LEGAL – n/a

BACKGROUND:

In accordance with the "Operating Budget Surplus/Deficit Policy", the City of Hamilton Finance Department closed the 2017 HPS Operating Budget surplus of \$611,711 to the Police Tax Stabilization Reserve; a standard operating procedure at year-end. Based on operational requirements, the following allocation plan is proposed:

2017 Operating Surplus Variance: \$611,711

1. Naloxone - \$23,000

Recently approved for Service deployment to the front line and specified areas (Custody, Forensics, Vice & Drugs, Property, Courts), the product is currently supplied free of charge through Public Health, however, funds are required for officer belt pouches for Naloxone deployment, and storage containers in Courts and Property.

2. Intelligence Investigations – \$394,000 (\$294,000 net of pending Provincial grant)

Intelligence investigations were formally facilitated by the OPP; however, that service is no longer available to Hamilton Police Service (HPS). These funds are required to set up internal services to support Intelligence Investigations. This project is a joint venture with the Criminal Intelligence Service of Ontario, the RCMP and a number of Ontario Police Services. The total startup costs are expected to be \$394,000 for related equipment and monitoring costs. HPS will be applying for a Proceeds of Crime grant for approximately \$100,000 to offset the initial startup costs.

3. Carbines - \$90,000

HPS needs to implement a Carbine Program which requires Carbine Firearms including 26 Colt C8 Carbines, lights, magazines, ammunition, and range rental costs. For further information, PSB Report #18-076 – Patrol Carbine Colt C-8 Program, will be presented to the Board this month in conjunction with this report.

4. ION Scanner - \$45,300

With the ongoing Opioid crisis and risks associated to the presence of Fentanyl, HPS needs a portable ION Scanner to identify trace amounts of Fentanyl and other analogues at suspected crime and exposure scenes. It can also be used to check vehicles, equipment, and any surface that can be swabbed for contamination.

Early and quick detection of potential harmful substances can greatly assist with member health and safety, scene containment, and investigative issues that may arise due to Fentanyl exposure, and defer costs associated with holding scenes pending analysis of suspected substances.

5. BriefCam Video Analyzer - \$22,000

BriefCam is a software application for investigations that rapidly analyzes motion within video files. It is capable of distinguishing between people walking, running or cycling, or between cars, pickup trucks, and large transport vehicles. In addition, it is capable of distinguishing gender with a high degree of accuracy. The benefit is to save/reduce hundreds of hours or more of video review time by investigators.

This software was deployed at the Las Vegas shootings to analyze in excess of 50,000 hours of video. The FBI determined this analysis, which manually would have taken 8 months to analyze, was examined/analyzed and ready for search queries in 8 days.

The startup costs for licensing, installation, and training is expected to be \$22,000, with an annual maintenance cost of approximately \$17,500.

6. Balance transferred to Police Capital Reserve - \$37,411 (\$137,411 with pending Provincial grant approval)

Provided no Provincial grant monies are received as referenced in Item 2 above, it is recommended the balance of \$37,411 be transferred to the Police Capital Reserve to assist in funding future capital expenditures needed by the HPS.

This allocation plan will provide HPS with the opportunity to strategically allocate funds to address needs in policing in 2018 and future years.

EG: JR

Attachments: *Appendix A*

cc: Dan Kinsella - Deputy Chief - Operations
Anna Filice, Chief Administrative Officer
Frank Bergen, Deputy Chief - Support
John Randazzo, Chief Accountant - Finance

Hamilton Police Service

Appendix A

Budget Variance Report

Year Ended December 31, 2017

YTD Budget % : 100.00%

	Annual Budget	2017 Actual	Available Balance	% Spent
	A	B	C=A-B	B/A
Revenues				
Grants and subsidies	\$ (7,583,824)	\$ (7,986,118)	402,294	105.30%
Fees and general revenues	(2,686,844)	(2,938,021)	251,177	109.35%
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Total revenues	(11,069,868)	(11,234,843)	164,975	101.49%
Expenses				
Employee related costs	150,960,457	150,991,653	(31,196)	100.02%
Materials and supplies	5,887,543	5,503,848	383,695	93.48%
Vehicle expenses	1,997,000	1,868,460	128,540	93.56%
Buildings and grounds	2,425,494	2,547,534	(121,040)	104.99%
Consulting expenses	27,600	54,951	(27,351)	199.10%
Contractual expenses	793,590	625,175	168,415	78.78%
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Reserves/Recoveries	4,297,084	4,290,755	6,329	99.85%
Cost allocation	660,250	660,252	(2)	100.00%
Capital financing	1,027,200	1,027,200	-	100.00%
Financial/Legal charges	291,720	352,373	(60,653)	120.79%
Total expenses	168,403,238	167,956,502	446,736	99.73%
Total Net Expenditure	\$ 157,333,370	\$ 156,721,659	\$ 611,711	99.61%

FW: 2016 HST RECEIVABLE

From: Nagel, Stephanie <Stephanie.Nagel@hamilton.ca>
Sent: August 21, 2017 9:26 AM
To: 'Shekar Chandrashekar'
Cc: Zegarac, Mike; Brown, Charles; Male, Rick
Subject: FW: 2016 HST RECEIVABLE

Good morning:

In response to your attachment dated August 14, 2017:

The City received a letter effective January 1, 2000 from CRA assigning us a monthly reporting period.

We do not use the quick method.

Should you require anything further please follow-up with Rick or Mike directly and they will coordinate with me accordingly.

Thank you

Stephanie Nagel

Manager Accounting Services

Financial Services, City of Hamilton

(905) 546-2424 Ext.3020

From: Shekar Chandrashekar [mailto:shekarfamily@hotmail.com]

Sent: August-18-17 8:54 AM

To: Nagel, Stephanie

Cc: Zegarac, Mike; Brown, Charles

Subject: Fw: 2016 HST RECEIVABLE

Good Morning Ms.Nagel

I hope you had time to review and to response to confirm it before I appear before as a delegate

Hope to hear your response soon.

Ms.Nagel always respected

shekar

From: Nagel, Stephanie <Stephanie.Nagel@hamilton.ca>
Sent: August 11, 2017 9:51 AM
To: 'Shekar Chandrashekar'

Cc: Zegarac, Mike

Subject: RE: 2016 HST RECEIVABLE

In reviewing the questions/concerns below I will clarify where I think the confusion lies and as I can see it's mostly around where the HST expense for the non-recoverable portion is shown. We do not separately record an HST expense item, but rather the item purchased is expensed including the non-refundable portion of HST so the expenses itself will include the part of HST that we will not recover.

I will go through the notes below and try to answer in order:

With regards to budgeting – budgets are prepared to include the expense plus the portion of HST that is not refundable – that way the entire cost is included in the budget including the HST portion that will not be recovered.

The City files an HST claim for all entities that are registered under our Corporate HST number including Police Services. They do not have a separate HST registration.... **Without question Agreed with this statement.**

Police are not eligible for ITC's – they fall under the same category as the Municipality and receive a rebate of 86.46%. To claim an ITC over 90% of the revenue must be subject to HST and Police do not meet this criteria. So as noted above their expenses both for budget and actual spending should include HST in the amount of 1.76%. That is on the 13% HST we receive back 11.24% (86.46% of 13%).

Mr. Shekar is correct the 11.24% that is received back is a recovery not a revenue. It gets paid and then comes back. However, that piece is done as a Corporate HST Receivable and received in the Corporate Bank accounts – it is not expensed in the police books – only the 1.76% is recorded within the police expense lines as relevant.

I will show the illustrations as we would record them – given they are not ITC's and we don't record an HST expense line:

Entry 1:

Initial payment:

Dr. Police expense	\$101.76	
Dr. Corp HST receivable	\$11.24	
Cr. City Bank		\$113.00

Entry 2:

As noted there is no separate entry to record HST expense and receivable as this is already done within Entry 1 above.

In the entry above the expense is recorded at \$101.76 - \$100 cost plus \$1.76 for the HST that will not be refunded, the receivable is recorded for the recovery of the HST at 86.46% and the total amount is paid at

from CRA(after filing return):

Dr. City Bank	\$11.24	
Cr. Corp HST receivable	\$11.24	

Questions:

The net amount of HST is recorded correctly in the Police books. The example shows that the HST expense that is non-recoverable is included within the expense lines.

The HST net amount is not shown as a separate line in the Police AFR's – as the HST portion is included within the individual expense lines and not as a separate account item.

The City is not absorbing the net Police HST – the 1.76% that is not recoverable is recorded at the time of payment for product or service within the appropriate expense line.

I hope this provides reasonable clarity around the treatment of HST and police services.

Thanks

Stephanie Nagel
Manager Accounting Services
Financial Services, City of Hamilton
(905) 546-2424 Ext.3020

From: Zegarac, Mike <Mike.Zegarac@hamilton.ca>

Sent: July 28, 2017 4:09 PM

To: 'Shekar Chandrashekar'

Cc: Nagel, Stephanie

Subject: RE: 2016 HST RECEIVABLE

Shekar, these are receivables and you're correct they are not revenues.

Stephanie, can you review Shekar's e-mail below and prepare a response. Shekar, pls note Stephanie is on vacation so the response will be delayed.

Thanks

From: Shekar Chandrashekar [mailto:shekarfamily@hotmail.com]

Sent: July-26-17 1:41 AM

To: Zegarac, Mike

Subject: 2016 HST RECEIVABLE

Good Morning Mr. Zegarac

Please bear with me to understand the difference between Revenue vs.Recovery with respect to Police Services financial operations. I am appealing to you to clarify the entries as I understand it.

Preamble:

When Police Services submit their budget each year to HPSB they do not mention or identify HST net or gross either in the letter of transmittal or in their budget nor do they mention the Forensic building. This has been of great interest to me and to Hamilton Taxpayers.

Definitions:

Revenues: Both debits and credits increase

Recovery: Recovers the outflow and inflow by the same amount. No increase. No decrease.

Fact: City files Police HST claim. The Police administrator has confirmed this.

Assumption:

Police are eligible for I.T.C.(HST)

Illustration of recording of Police Expenditures:

Police receive invoice from John Doe for and expenditure of \$100 plus HST \$13 = Total Invoice \$113.00

Entries:

Entry 1:

Debit Police \$100

Debit HST \$ 13

Credit Cash \$113

To record payment of invoice from John Doe

Entry 2:

Accounts receivable Debit \$ 11.24

GST FEDERAL credit \$5.00

PST @78% Credit \$6.24

To record HST claim and distribution to Police Books

Entry 3:

After filing for and receipt of HST rebate

Cash debit \$ 11.24

Accounts Receivables Credit \$11.24

To record receipt of HST rebate

Question:

Is the net amount of the HST correctly recorded in Police books?

Conclusion:

Mr. Zegarac, in my opinion, it is a recovery not revenue.

I have A.F.R. reports from Police from 2013 to 2015 and the HST net amount is reflected nowhere in Police books.

In my opinion, City may be absorbing the net Police HST in City books much like the City is absorbing Police Services car allowances.

I am appealing to you to clarify this as I am appearing before HPSB meeting to raise this issue. If you prefer that I do not raise this, I assure you, I will not.

I have attached the relevant HST forms.

I have also attached a list of the number of accountants working in Police Services.

Mr. Zegarac please, I hoping to hear from you soon. Please provide your comments re the above.

Respectfully Requested

Shekar

PS: I am open to your criticism and correction.

From: Zegarac, Mike <Mike.Zegarac@hamilton.ca>

Sent: July 24, 2017 2:38 PM

To: 'Shekar Chandrashekar'

Subject: RE: 2016 HST RECEIVABLE

Police HST Receivable Extracted from Corporate HST Receivable Total

<u>HST Claims Filed</u>	<u>AP Transactions</u>	<u>Manual Journals</u>	<u>Total</u>
January	26,894.21	0	26,894.21
February	88,667.15	7.14	88,674.29
March	109,195.44	138.45	109,333.89
April	112,973.55	138.51	113,112.06
May	75,581.57	0	75,581.57
June	55,259.41	0	55,259.41
July	147,413.20	0	147,413.20
August	106,492.49	323.14	106,815.63
September	79,960.80	2.05	79,962.85
October	88,549.84	224.25	88,774.09
November	65,349.29	0	65,349.29
Dec. Activity claimed in Dec	110,134.95	420.55	110,555.50
Dec Activity claimed in Jan	0	0	-
Dec Activity claimed in Feb	0	0	-
Total for 2016	1,066,471.90	1,254.09	1,067,725.99

Sorry Shekar, I forget to send it to you last week.

thanks

From: Shekar Chandrashekar <shekarfamily@hotmail.com>

Sent: July 16, 2017 11:42 AM

To: Zegarac, Mike

Cc: Male, Rick; Thomas, Debbie; Mallard, Diana

Subject: Re: 2016 HST RECEIVABLE

Good Morning Mr. Zegarac

Thank you.

You state that **\$110,555.50** was identified as being related to Police expenditure....**This is only for one month. Would you please provide me HST for complete total 12 months for police in 2016.**

Mr. Zegarac

Respectfully

Shekar

From: Zegarac, Mike <Mike.Zegarac@hamilton.ca>

Sent: July 9, 2017 3:41 AM

To: Shekar Chandrashekar

Cc: Male, Rick; Thomas, Debbie; Mallard, Diana; Murray, Chris

Subject: Re: 2016 HST RECEIVABLE

Shekar, it would be the City.

Family vacation has been very nice.

Thanks

Sent from my BlackBerry 10 smartphone on the Bell network.

To: Zegarac, Mike
Cc: Male, Rick; Thomas, Debbie; Mallard, Diana; Murray, Chris
Subject: Re: 2016 HST RECEIVABLE

Mr.Zegarac
Thank you.
Who gets this revenue Police or City?
Mr.Zegarac always thankful
shekar
PS: Enjoy your vacation

From: Zegarac, Mike <Mike.Zegarac@hamilton.ca>
Sent: July 6, 2017 11:21 PM
To: Shekar Chandrashekar
Cc: Male, Rick; Thomas, Debbie; Mallard, Diana; Murray, Chris
Subject: Re: 2016 HST RECEIVABLE

Shekar, it relates to December receivables.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Zegarac, Mike
Sent: Wednesday, July 5, 2017 7:52 PM
To: Shekar Chandrashekar
Cc: Male, Rick; Thomas, Debbie; Mallard, Diana; Murray, Chris
Subject: Re: 2016 HST RECEIVABLE

Shekar, \$110,555.50 was identified as being related to Police expenditure.

Thanks
From: Zegarac, Mike <Mike.Zegarac@hamilton.ca>
Sent: June 17, 2017 9:30 AM
To: Shekar Chandrashekar
Subject: Re: 2016 HST RECEIVABLE

Shekar, I've asked staff to provide an answer.

Thanks

Date: August 14, 2017

Good Morning Ms.Nagel

Thank you.

Your area of expertise is not budgeting. Your expertise is the filing of HST claims.

There is a communication break down.

I will respond later

Ms. Nagel, I am always thankful

I am impressed by the strength of your explanation. You have been following the process used by your predecessor.

Remittances were quarterly and are now monthly.

Question: when did this change occur? Was it by CRA mandate or did the City obtain a ruling?

Suggestion: Making monthly remittances for City of this magnitude requires a full time employee. Submitting quarterly requires ½ of an employee.

Method: Do you use the special quick method of accounting per guide page 26 or a detail analysis accounting method?

There is a communication breakdown due to the fact that I did not explain myself in detail.

The following is my detailed explanation without making any assumptions:

Preamble:

The former Police Chief had a public meeting at Mohawk College to ask for input from Public regarding police current operating budget. My first question was, do you budget for HST on the net or on the gross budget? The former Chief directed the question to his Deputy and accounting staff who responded that the "City looks after it all"

That statement is true even today because when Police Services submit their budget each year to HPSB they do not mention or identify HST either net or gross. There is no mention of it in the letter of transmittal or in their budget, nor do they mention it in the context of the Forensic building. This has been of great interest to me and to Hamilton taxpayers.

Assumption:

Police Services is eligible for I.T.C.(HST). I had not expressed this clearly. What I am referring to is just federal GST per attached form line 300 regarding municipalities. You are correct in referring to the 90% rule per guide page 19. I was not referring to page 19 but to line 300 Municipality copy attached.

Ms. Nagel: I humbly request you to read that page again. Your entry is the same as mine but using a different approach (amount differ). Maybe it is because of using the quick accounting method.

Illustration of recording of Police Expenditures

Police receive an invoice from John Doe for an expenditure of \$100 plus HST \$13 = Total Invoice \$113.

Corrected Entries:

Entry 1:

Police Operating Account 53050	\$100	
HST Police Operating Account 53050	\$ 13	
Cash City Bank account		\$113

To record payment of invoice from John Doe to Police Operating account 53050

Entry 2:

Accounts Payable City account 2201 Debit	\$11.24	
Accounts Receivable City account 1201		
GST Federal Credit		\$ 5.00
Accounts Receivable City account 1201		
Line 300 ON PST @78% Credit		\$ 6.24

To record HST claim and distribution to City accounts payable and City receivable to keep running totals. These are balance sheet accounts.

Entry 3:

After filing for and receipt of HST rebate

Cash City Bank	\$ 11.24	
Accounts Receivables Credit 1201		\$ 11.24

To record receipt of HST rebate from Federal Government.

Statement

Current Police Operating account 53050(\$113.00 Minus \$11.24)	<u>\$101.76</u>
Balance sheet account Payable 2201	<u>\$11.24</u>
Balance sheet account Receivable 1201	<u>\$11.24</u>
Balance	<u>\$ 0.00</u>

Question:

Is the net amount of the HST correctly recorded in Police books in operating account 53050?

Conclusion:

Ms. Nagel, I have gone through these details without making any assumptions so that there is no room for misinterpretation. The above details make Mr. Zegarac's position a lot easier in the event there is an **HST audit**. You can account for every transaction.

One can verify the process used, by providing a sample of a Police invoice and the recording of the net HST amount.

Mr. Zegarac's signature is in common usage. In my opinion, it is imperative that Mr. Zegarac's signature should be protected per Municipal Act.

I have AFR reports from Police Services for 2013 to 2015 and I do not find the HST net amount reflected anywhere in those Police records.

In my opinion, the City may be absorbing the net Police HST in City books much like the City is absorbing Police Services car allowances.

Until I see an actual invoice from Police Services, I will maintain it is the City that is absorbing this cost as per the original statement given by the former Police Chief.

I am appealing to you to clarify this as I am appearing before HPSB budget meeting to raise this issue.

I have attached the relevant HST forms.

I have also attached a list of the number of accountants working in Police Services.

Ms. Nagel, please refer to pages GST /HST Information for Municipalities: Page 7
Page 10,
Page 19, and
Page 26

I have the complete guide should you require it and should you require any clarity I will be please to provide it.

Hoping to hear your response soon

Respectfully submitted by a concerned citizen

Shekar



Application for GST/HST Public Services Bodies' Rebate and GST Self-Government Refund

Public service bodies' rebate – Use this form to claim a rebate if you are a municipality, hospital authority, external supplier, facility operator, charity, public institution, or qualifying non-profit organization, or if you are a university, school authority, or public college that is established and operated otherwise than for profit.

Self-government refund – Use this form if you are eligible to claim a self-government refund of the GST or the federal part of the HST under a self-government agreement.

For more information, see "General information" on the back of this form.

Part A – Identification

Business Number (if applicable)		Name		Operating/trade name (if different from name)	
Mailing address (Street No., and suite No. or PO Box)		City		Province or territory	Postal code
Physical location (if different from mailing address)		City		Province or territory	Postal code
Contact person					
Telephone number		Charity registration number (if you are a registered charity)		What is your fiscal year-end?	

Part B – Claim period

Period covered by this application:

From	Year	Month	Day	to	Year	Month	Day
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Part C – Offset on GST/HST return (This part applies to GST/HST registrants only.)

Is the amount on line 409 of this form being included on line 111 of your GST/HST return? Yes No If yes, enter the reporting period end date of your GST/HST return.

Year	Month	Day
------	-------	-----

Part D – Details of claim

Enter on the appropriate line the amount of rebate that you are claiming for each activity that you perform. If you engage in various activity types, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*, for more information.

If you are claiming a rebate of the provincial part of the HST (line B) use Form RC7066 SCH, *Provincial Schedule – GST/HST Public Service Bodies' Rebate*.

Line #	Activity type	Rebate factor	Federal
300	Municipality	100%	
301	University (or affiliated college or research body) established and operated on a non-profit basis	67%	+
302	School authority established and operated on a non-profit basis	68%	+
303	Public college established and operated on a non-profit basis	67%	+
304	Hospital authority (only on activities of operating a public hospital)	83%	+
305	Charity or public institution on non-selected public service body activities (defined on the back of this form)	50%	+
306	Qualifying non-profit organization on non-selected public service body activities (see "Line 306 – Qualifying non-profit organizations" on the back of this form)	50%	+
307	Printed books (do not include in other activity types)	100%	+
308	Goods and services exported by a charity or public institution	100%	+
309	Self-government refund	100%	+
310	Hospital authority (for eligible activities other than the operation of a public hospital) – (See "Lines 310, 311 and 312" on the back of this form)	83%	+
311	Facility operator (on eligible activities) – (See "Lines 310, 311 and 312" on the back of this form)	83%	+
312	External supplier (on eligible activities) – (See "Lines 310, 311 and 312" on the back of this form)	83%	+
Total federal amount claimed (add lines 300 to 312)		A	+
Total provincial amount claimed (from Form RC7066 SCH)		B	+
Total amount claimed (line A plus line B)		409	=

FOR INTERNAL USE ONLY

IC NC

Provincial Schedule – GST/HST Public Service Bodies' Rebate

Protected B
when completed

Complete this schedule to claim a rebate for the provincial part of the HST for each activity that you perform. If you engage in various public service body activities, you may qualify for rebates at different percentages based on the extent to which you use eligible property or services in each activity. If your organization is resident in more than one province, at least one of which is a participating province, you have to calculate the public service bodies' rebate for the provincial part of the HST based on the extent you intended to consume, use, or supply property or services in the course of your activities in each province in which you are resident. No provincial rebate is available for property and services on which you were only charged the GST. To determine the amount to enter on the appropriate line(s), see Guide RC4034, *GST/HST Public Service Bodies' Rebate*.

Note

The HST applies in Ontario only after June 2010, in British Columbia only after June 2010 and before April 2013, and in Prince Edward Island only after March 2013.

If you are electronically filing your rebate application, complete the applicable schedules electronically. Otherwise, attach this schedule to your Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*.

Claimant Information

Business number	Name	Operating/trade name (if different from name)
R T		

ONTARIO

Line number	Activity type	Rebate factor	Ontario
300-ON	Municipality	78%	
301-ON	University (or affiliated college or research body) established and operated on a non-profit basis	78%	+
302-ON	School authority established and operated on a non-profit basis	93%	+
303-ON	Public college established and operated on a non-profit basis	78%	+
304-ON	Hospital authority (only on activities related to operating a public hospital)	87%	+
305-ON	Charity or public institution on non-selected public service body activities (see definition on page 3)	82%	+
306-ON	Qualifying non-profit organization (see Note 1 on page 3) on non-selected public service body activities (see definition on page 3)	82%	+
308-ON	Goods and services exported by a charity or public institution	100%	+
310-ON	Hospital authority (for eligible activities other than the operation of a public hospital) – see Note 2 on page 3	87%	+
311-ON	Facility operator (on eligible activities) – see Note 2 on page 3	87%	+
312-ON	External supplier (on eligible activities) – see Note 2 on page 3	87%	+
Total			1

BRITISH COLUMBIA

Line number	Activity type	Rebate factor	British Columbia
300-BC	Municipality	75%	
301-BC	University (or affiliated college or research body) established and operated on a non-profit basis	75%	+
302-BC	School authority established and operated on a non-profit basis	87%	+
303-BC	Public college established and operated on a non-profit basis	75%	+
304-BC	Hospital authority (only on activities related to operating a public hospital)	58%	+
305-BC	Charity or public institution on non-selected public service body activities (see definition on page 3)	57%	+
306-BC	Qualifying non-profit organization (see Note 1 on page 3) on non-selected public service body activities (see the definition on page 3)	57%	+
308-BC	Goods and services exported by a charity or public institution	100%	+
310-BC	Hospital authority (for eligible activities other than the operation of a public hospital) – see Note 2 on page 3	58%	+
311-BC	Facility operator (on eligible activities) – see Note 2 on page 3	58%	+
312-BC	External supplier (on eligible activities) – see Note 2 on page 3	58%	+
Total			2

FW: FW: SIMPLE YES OR NO REQUEST

ML

Morin, Lois <Lois.Morin@hamilton.ca>

Reply

Thu 07-13, 12:20 PM

You

You forwarded this message on 2017-07-14 10:34 AM

Good afternoon Mr. Chandrashaker.

Please see below the information that you have requested.

Thank you.

Lois Morin

Lois Morin

Administrator

Hamilton Police Services Board

155 King William Street

Hamilton, ON L8N 4C1

Phone: 905-546-2727

Fax: 905-546-4720

E-mail: lois.morin@hamilton.ca / www.hamiltonpolice.on.ca

From: Eric J. Girt [mailto:EGirt@hamiltonpolice.on.ca]

Sent: July-10-17 4:24 PM

To: Morin, Lois

Subject: Re: FW: SIMPLE YES OR NO REQUEST

Lois:

The titles of the 4 full time positions are as follows:

- Chief Accountant/Finance Manager
- Assistant Finance Manager
- Senior Financial Analyst
- Financial Services Clerk

Thanks,

Eric

"Morin, Lois" <Lois.Morin@hamilton.ca> on Monday, July 10, 2017 at 12:04 PM -0400 wrote:

Good morning Chief.

Could you please assist Mr. Chandrashekar.

Thank you.

Lois

Lois Morin

Administrator

Hamilton Police Services Board

155 King William Street

Hamilton, ON L8N 4C1

Phone: 905-546-2727

Fax: 905-546-4720

E-mail: lois.morin@hamilton.ca / www.hamiltonpolice.on.ca
