Statement of Revenues and Expenses

THE CITY OF WINNIPEG -
WINNIPEG POLICE SERVICES
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Winnipeg Police Board

We have audited the statement of revenues and expenses of The City of Winnipeg - Winnipeg Police Services, ("the schedule") for the year ended December 31, 2016. This schedule has been prepared in accordance with the financial reporting provisions in The City of Winnipeg By-Law No 148/2012 dated November 28, 2012.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the schedule in accordance with The City of Winnipeg By-Law No 148/2012 dated November 28, 2012 referred to above, 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG Network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the financial information in the statement of revenues and expenses of The City of Winnipeg - Winnipeg Police Services for the year ended December 31, 2016 is prepared in all material respects, in accordance with the financial reporting provisions in The City of Winnipeg By-Law No 148/2012 dated November 28, 2012.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the schedule, which describes the basis of accounting. The schedule is prepared to provide information to The City of Winnipeg, the Manitoba Police Commission and the Winnipeg Police Board regarding The City of Winnipeg By-Law No 148/2012 dated November 28, 2012. As a result, the schedule may not be suitable for another purpose. Our report in intended solely for The City of Winnipeg, the Manitoba Police Commission and the Winnipeg Police Board, and should not be used by parties other than The City of Winnipeg, the Manitoba Police Commission and the Winnipeg Police Board.

KPMG LLP

Chartered Professional Accountants

June 5, 2017

Winnipeg, Canada

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICES
Statement of Revenues and Expenses
Year Ended December 31, 2016

	2016 $	2015 $
REVENUES		
Provincial government grants	**20,255,204**	**19,322,948**
Regulation Fees	**19,930,804**	**22,019,959**
Sale of goods and services	**6,454,992**	**6,798,097**
Other revenue	**34**	**5,853**
Recoveries	**701,283**	**803,866**
TOTAL REVENUES	**47,342,317**	**48,950,723**
EXPENSES (Schedule 1)		
Salaries and benefits	**239,736,272**	**225,050,810**
Services	**17,270,361**	**15,886,959**
Materials - parts and supplies	**4,916,192**	**4,764,606**
Assets and purchases	**2,402,199**	**1,891,061**
Debt and finance charges	**8,141,386**	**362,384**
Grant transfers	**15,263,660**	**15,144,291**
TOTAL EXPENSES	**287,730,070**	**263,100,111**
Funded by Commitment Reserve (note 2 (b))	**(2,833,056)**	**(1,210,596)**
NET TOTAL EXPENSES	**284,897,014**	**261,889,515**
EXCESS OF EXPENSES OVER REVENUES	**237,554,697**	**212,938,792**

1. Nature of the organization:

Winnipeg Police Services, a department of The City of Winnipeg, has a mandate to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law.

The City of Winnipeg (the "City") is a municipality that was created on January 1, 1972 pursuant to The City of Winnipeg Act, a statute of the Legislature of the Province of Manitoba (the "Province"). The City continued as a body corporate by virtue of the enactment by the Province of The City of Winnipeg Charter on January 1, 2003.

2. Significant Accounting Policies:

The statement of revenue and expenses are prepared in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These statements of revenue and expenses present the results of operations of the Winnipeg Police Services as if it has been accounted for on a stand-alone basis. Management has extracted the information used to prepare this statement of revenue and expenses from the consolidated financial statements of The City of Winnipeg.

This statement of revenue and expenses is not necessarily indicative of the results that would have been attained if the Winnipeg Police Services had been operated as a separate legal entity during the year presented.

The basis of accounting used in this statement of operations materially differs from Canadian public sector accounting standards because statements of financial position and cash flows are not included.

(b) Commitment reserve:

An amount of $2,833,056 of the expenses reported during 2016 (2015 - $1,210,596) was charged to the City’s Commitment Reserve Fund. The Commitment Reserve Fund was established by The City of Winnipeg for the purpose of allowing departments to carry forward committed budget dollars to the succeeding year thereby eliminating the need to re-budget.

3. Related party transactions:

Type of Charge	Category	**2016** **$**
Municipal Accommodations	Rent	**9,101,771**
City of Winnipeg- Corp Finance	Debt & finance	**8,141,386**
City of Winnipeg – Fleet Service	Fleet-Insurance/Lease/Fuel	**4,153,089**
City of Winnipeg – Corp Finance	Translation cost/Neighbourhood watch	**11,798**
City of Winnipeg – Parking Authority	Parking rentals	**117,859**
City of Winnipeg-Corporate Services	Postage meter	**53,176**
City of Winnipeg- Corporate Finance	Cash to capital	**6,120,000**
City of Winnipeg-Business Tech.	Radio shop services	**389,166**
City of Winnipeg-Corporate Services	% of Salary of Occ. Health Nurse	**77,256**
Total		**28,165,501**

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICES

Schedule 1 - Detailed Statement of Winnipeg Police Services Expenses

Year ended December 31, 2016

		2016	2015
		$	$
SALARIES			
	Salaries - permanent	180,190,527	170,915,862
	Salaries - temporary	280,489	420,121
	Sick Leave and Severance Pay	2,310,582	2,397,770
	Vacation/Overtime cashout	1,267,591	1,329,582
	Shift premium	1,373,982	975,373
	Long service pay	7,800	8,250
	Overtime	9,300,562	9,446,651
	Standby Pay	465,309	453,705
	Fatality pension premium	539,714	504,560
	Payroll costs	139,774	310,896
	Pension Awards	126,843	35,360
	Vision care	365,687	319,096
	Interest and Administration	472,248	332,469
	Acting pay	658,347	718,730
	Furlough recoveries - permanent	(120,153)	(112,297)
BENEFITS			
	Civic pension	31,745,664	26,852,084
	Civic pension cash out	26,280	30,791
	Canada pension	4,974,669	4,811,308
	Employment insurance	2,524,024	2,433,946
	Dental plan	2,131,284	2,026,737
	Group insurance	572,973	545,968
	Medical Expenses	318,356	237,059
	Ambulance/hospital coverage	63,720	56,789
TOTAL SALARIES AND BENEFITS		239,736,272	225,050,810

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Year ended December 31, 2016

	2016	2015
	$	$
SERVICES		
Professional and consultant services	195,719	267,312
Office equipment maintenance	1,500,488	1,005,836
Duffy's Taxi	34,914	18,096
Freight and messenger services	45,655	50,812
Non-professional services	7,250,087	7,049,789
Janitorial Services	-	5,077
Allocated department costs	28,997	9,828
Auto allowance	5,386	5,583
Light and Power	14,054	14,572
Real property contracts - construction and maintenance	1,007,288	38,472
Vehicle Maintenance	77,063	162,061
Towing Services	40,501	34,368
Cleaning and Laundry	53,881	67,931
Other Equipment Servicing	650,476	553,351
Printing,Binding,Photocopying	76,396	62,226
Telephone-Regular Desk Set	449,952	409,132
Telephone-Cellular	416,413	419,112
Telephone-Alarm Systems	4,715	698
Data Comm DSL	552,935	631,794
Advertising	58,304	1,150
Insurance and Licenses-Auto	225,583	253,555
Fleet Insurance	911,133	810,490
Drivers' Licenses	28,660	21,204
Certificates,Permits,Licenses	36,358	35,246
Hauling Expense	34,058	42,849
Rentals	578,340	583,105
Fleet Capital Lease	2,108,454	1,949,162
Equipment Rental-External	174,203	245,707
Parking Space Rental	117,859	175,330
Meal Expense	3,592	6,465
Luncheons, Receptions & Events	43,552	47,685
Membership Fees	37,964	26,949
Postage	53,177	59,409
Training,Workshops and Tuition	210,862	582,155
Conferences	18,156	21,951
Conferences Involving Travel	200,401	171,870
Travel-City Business	24,785	46,627
	17,270,361	15,886,959

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Schedule 1 - Detailed Statement of Winnipeg Police Services Expenses

Year ended December 31, 2016

	2016	2015
	$	$
MATERIALS, PARTS AND SUPPLIES		
Photographic Supplies	14,785	12,848
Stationery and Office Supplies	237,917	206,523
Periodicals and Subscriptions	32,133	33,044
Computer Software	70,083	40,228
Medical,Dental & Lab Supplies	58,629	64,072
Animal Food and Supplies	12,448	10,341
Cleaning Supplies	56,359	51,194
Other Operating Supplies	766,304	729,213
Small Tools	10,404	3,125
Uniforms & Protective Clothing	668,077	368,877
Uniforms/Clothing Other	681,938	757,983
Motive Fuels and Lubricants	240,798	260,898
Lubricants	-	2,170
Fleet Fuel	1,133,502	1,314,840
Electrical and Communication	1,182	3,164
Automotive Parts	509,469	495,276
Clothing Allowance	420,271	413,241
Inventory Adjustment	1,893	(2,431)
	4,916,192	4,764,606
ASSETS AND PURCHASES		
Motive Equipment	495,147	113,278
Elec,Light and Comm Equipment	77,958	195,543
Office Equipment	7,601	5,639
Other Equipment	1,213,709	496,641
Computer Hardware	243,005	459,178
Office Furniture	356,613	613,816
Books	8,166	6,966
	2,402,199	1,891,061

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Year ended December 31, 2016

	2016	2015
	$	$
TOTAL DEBT AND FINANCES		
Interest	6,216,975	39,671
Principal	1,800,412	191,033
Letter of Credit Fees	95,121	101,092
Debenture Issue Expense	8,090	11,312
Credit Card Commission	20,788	19,276
	8,141,386	362,384
TOTAL GRANTS		
Grants-Cash	55,814	55,814
Claims	55,901	26,118
Claims-Vehicles	-	-
Claims	212,541	252,196
	324,256	334,128
TRANSFERS TO OTHER FUNDS		
Tsf to General Capital Fund	350,792	212,013
Tsf to GCF-cash to capital	6,120,000	4,986,000
Tsf to Insurance Reserve	(27,107)	27,232
Tsf to Civic Accommodations	9,101,771	7,308,173
Tsf to Commitment Reserve	-	1,826,440
Inter-Dept Tsf to GRF - BTS	389,166	389,166
Inter-Dept Tsf to GRF - HRPS	77,256	83,157
Purchasing Card Rebate	(22,474)	(22,018)
Expenditure Management	(1,050,000)	-
	14,939,404	14,810,163
Total Expenses	287,730,070	263,100,111