Statement of Revenues and Expenses

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE

And Independent Auditors' Report thereon

Year ended December 31, 2018

KPMG LLP
One Lombard Place
Suite 2000
Winnipeg MB
R3B 0X3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Winnipeg Police Board

Opinion

We have audited the statement of revenues and expenses of The City of Winnipeg - Winnipeg Police Service of the City of Winnipeg (the City) for the year ended December 31, 2018, schedules and notes to the financial statement, including a summary of significant accounting policies (hereinafter referred to as the "financial statement").

In our opinion, the accompanying financial statement of the City for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting framework described in Note 2(a) to the financial statement.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statement*" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 2(a) in the financial statement, which describes the applicable financial reporting framework and the purpose of the schedule. The financial statement is prepared to assist the City to comply the financial reporting provisions in The City of Winnipeg By-Law No 148/2012 dated November 28, 2012. As a result, the financial statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter - Restriction on Use

Our report is intended solely for the City, the Manitoba Police Commission and the Winnipeg Police Board and should not be used by other parties.

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation of the financial statement in accordance with the financial reporting framework described in Note 2(a), and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the City‘s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 City’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

July 5, 2019

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE
Statement of Revenues and Expenses
Year ended December 31, 2018

	2018 $	2017 $
REVENUES		
Provincial government grants	**19,988,909**	**19,090,505**
Regulation fees	**20,405,366**	**20,163,535**
Sale of goods and services	**7,583,260**	**6,470,856**
Other revenue	**84**	**2,593**
Recoveries	**1,114,995**	**817,911**
TOTAL REVENUES	**49,092,614**	**46,545,400**
EXPENSES (Schedule 1)		
Salaries and benefits	**243,986,105**	**238,814,492**
Services	**16,697,433**	**16,966,432**
Materials - parts and supplies	**5,934,571**	**5,344,792**
Assets and purchases	**1,658,719**	**1,370,059**
Debt and finance charges	**8,809,968**	**8,198,678**
Grants and transfers	**14,592,213**	**14,377,586**
TOTAL EXPENSES	**291,679,009**	**285,072,039**
Funded by Commitment Reserve [note 2 (b)]	**-**	**(248,467)**
NET TOTAL EXPENSES	**291,679,009**	**284,823,572**
EXCESS OF EXPENSES OVER REVENUES	**242,586,395**	**238,278,172**

1. Nature of the organization:

Winnipeg Police Service, a department of The City of Winnipeg (the “City”), is responsible for protecting and preserving the public peace, preventing crime, assisting victims of crime, apprehending criminals, and enforcing the law.

The City of Winnipeg 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:

The statements are presented in accordance with financial reporting provisions in The City of Winnipeg By-Law No 148/2012 dated November 28, 2012. This statement of operations materially differs from Canadian public sector accounting standards because statements of financial position and cash flows are not included.

These statements of revenue and expenses present the results of operations of the Winnipeg Police Service 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 Service had been operated as a separate legal entity during the year presented.

(b) Commitment reserve:

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. During the year, an amount of nil (2017 - $248,467) of the expenses reported were charged to the City’s Commitment Reserve Fund from the expenses reported.

3. Related party transactions:

Type of Charge	Category	2018 $	2017 $
Municipal Accommodations	Rent	**9,983,494**	**10,135,633**
City of Winnipeg - Corporate Finance	Debt and finance	**8,809,968**	**8,198,678**
City of Winnipeg - Fleet Service	Fleet-Insurance/Lease/Fuel	**3,967,005**	**3,848,423**
City of Winnipeg - Corporate Finance	Translation cost/Neighbourhood watch	**10,039**	**10,770**
City of Winnipeg - Parking Authority	Parking rentals	**131,270**	**138,785**
City of Winnipeg - Corporate Services	Postage meter	**102,064**	**45,736**
City of Winnipeg - Corporate Finance	Cash to capital	**3,277,000**	**3,075,000**
City of Winnipeg - Business Technology	Radio shop services	**621,492**	**547,668**
City of Winnipeg - Corporate Services	% of Salary of Occ. Health Nurse	**174,632**	**167,494**
Total		**$ 27,076,964**	**$ 26,168,187**

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE

Schedule 1 - Detailed Statement of Winnipeg Police Service Expenses

Year ended December 31, 2018

		2018	2017
		$	$
SALARIES			
	Salaries - permanent	184,817,646	179,778,774
	Salaries - temporary	342,481	345,008
	Shift premium	1,128,713	1,169,896
	Acting pay	771,685	750,779
	Long service pay	8,750	10,679
	Overtime	8,304,082	8,579,345
	Standby pay	476,087	480,597
	Furlough recoveries - permanent	(119,854)	(108,551)
BENEFITS			
	Civic pension	32,833,260	31,313,969
	Civic pension cash out	30,596	45,036
	Canada pension	4,994,280	5,039,070
	Group insurance	300,008	569,318
	Employment insurance	2,231,251	2,171,861
	Payroll costs	480,880	314,747
	Medical expenses	453,311	435,150
	Pension awards	107,419	61,624
	Fatality pension premium	566,974	552,594
	Interest and administration	551,703	548,291
	Sick leave and severance pay	2,130,317	2,920,704
	Employee paid benefits	2,477,204	2,352,328
	Dental plan	-	41,238
	Vision care	-	12,186
	Vacation/Overtime cash out	1,099,312	1,429,850
TOTAL SALARIES AND BENEFITS		243,986,105	238,814,492

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE

Schedule 1 - Detailed Statement of Winnipeg Police Service Expenses

Year ended December 31, 2018

	2018	2017
	$	$
SERVICES		
Professional and consultant services	1,092,948	989,723
Non-professional services	6,990,294	6,964,304
Duffy's Taxi	40,508	28,202
Freight and messenger services	42,185	41,168
Allocated department costs	10,039	10,770
Auto allowance	2,499	4,467
Light and power	16,635	15,154
Real property contracts - construction and maintenance	159,183	578,392
Office equipment maintenance	1,336,697	1,396,129
Vehicle maintenance	139,096	84,620
Towing services	40,482	40,828
Cleaning and laundry	49,434	58,478
Other equipment servicing	610,796	490,063
Printing, binding & photocopying	72,055	72,599
Telephone - Regular desk set	354,411	393,418
Telephone - Cellular	421,592	411,885
Telephone - Alarm systems	13,878	7,855
Data Comm DSL	359,240	502,063
Data Comm leased lines	2,624	-
Advertising	190,564	5,864
Insurance and licenses - Auto	249,687	256,557
Fleet insurance	912,646	883,251
Drivers' licenses	21,191	25,913
Certificates, permits & licenses	66,731	42,063
Hauling expenses	26,855	31,191
Rentals	277,401	613,072
Fleet capital lease	1,669,294	1,768,891
Equipment rental - External	279,961	235,853
Parking space rental	131,271	138,785
Meal expenses	5,529	6,560
Luncheons, receptions & events	62,996	45,443
Membership fees	51,053	42,022
Postage	102,064	45,736
Training, workshops & tuition	182,530	169,205
Conferences	17,740	13,131
Conferences involving travel	268,192	316,218
Training/Workshops with travel	373,997	207,238
Travel - City business	53,135	29,320
	16,697,433	16,966,432

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE

Schedule 1 - Detailed Statement of Winnipeg Police Service Expenses

Year ended December 31, 2018

	2018	2017
	$	$
MATERIALS, PARTS AND SUPPLIES		
Photographic supplies	10,195	11,563
Stationery and office supplies	203,366	191,058
Periodicals and subscriptions	29,227	23,732
Computer software	258,153	179,733
Medical, dental & lab supplies	96,902	182,346
Animal food and supplies	10,420	10,322
Cleaning supplies	79,694	64,455
Other operating supplies	605,080	747,079
Small tools	3,157	5,163
Uniforms & protective clothing	835,922	491,470
Uniforms/Clothing other	1,104,311	1,033,904
Motive fuels and lubricants	321,472	265,161
Fleet fuel	1,385,063	1,196,281
Automotive parts	619,826	541,094
Clothing allowance	370,443	390,280
Inventory adjustment	1,340	11,151
	5,934,571	5,344,792
ASSETS AND PURCHASES		
Motive equipment	178,538	151,593
Elec, light & comm equipment	121,495	273,155
Office equipment	1,835	3,843
Other equipment	787,042	622,282
Computer hardware	481,968	222,284
Office furniture	61,993	93,313
Books	1,752	3,589
Other personal property	24,096	-
	1,658,719	1,370,059

THE CITY OF WINNIPEG - WINNIPEG POLICE SERVICE

Schedule 1 - Detailed Statement of Winnipeg Police Service Expenses

Year ended December 31, 2018

	2018	2017
	$	$
TOTAL DEBT AND FINANCES		
Interest	6,539,516	6,209,669
Principal	1,934,139	1,800,413
Letter of Credit Fees	116,047	98,586
Debenture Issue Expense	174,916	59,165
Credit Card Commission	45,350	30,845
	8,809,968	8,198,678
TOTAL GRANTS		
Grants - Cash	55,814	55,814
Claims - Vehicles	50,631	45,500
Claims	430,548	383,237
	536,993	484,551
TRANSFERS TO OTHER FUNDS		
Tsf to General Capital Fund	-	128,198
Tsf to GCF - cash to capital	3,277,000	3,075,000
Tsf to Insurance Reserve	(35,133)	(117,113)
Tsf to Civic Accommodations	9,983,494	10,135,633
Adjust Prior Year Operation	54,715	-
Inter-Dept Tsf to GRF - BTS	621,492	547,668
Inter-Dept Tsf to GRF - HRPS	174,632	167,494
Purchasing Card Rebate	(20,980)	(43,845)
	14,055,220	13,893,035
Total Expenses	291,679,009	285,072,039