



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2017-October-03

SUBJECT: Financial Report for the Period Ending August 31, 2017

RECOMMENDATION:

That the financial report for the period ending August 31, 2017 be received for information.

INTRODUCTION:

This report provides current financial performance information for the Edmonton Police Service (EPS) for the period ending August 31, 2017 and a year-end forecast.

COMMENTS / DISCUSSION:

Operating Results:

The operating results for the period ending August 31, 2017 indicate a net surplus position of \$6.508 million or 3.3% mainly due to surplus in revenue of \$2.858 million, an underspend in non-personnel costs of \$2.687 million, and an overspend in personnel costs of \$0.963 million.

The surplus in revenue is primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), retroactive (third and fourth quarters of 2016) 911 Operators expenses as supported by Alberta Emergency Management Agency, increased fees and greater volume of Police Information Checks (PIC), and the recognition of revenue associated with EPS 125 events and other miscellaneous donations (offset by non-personnel expenses). This is being offset by lower number of Traffic Safety Act revenues to date, which is consistent with a 2018 budget reduction. The overall surplus in revenue will increase during the year and will be used to offset one-time purchases identified through priority unfunded initiatives.

The main cause of the under budget position in non-personnel costs is due to the timing of purchases. It is expected that these budgets will be utilized during the year and will be overspent due to various one-time purchases identified through priority unfunded initiatives.

The under budget position in personnel costs is mainly due to lower than expected cost of benefits and reduced need of overtime.

Emerging Information:

EPS has received \$0.667 million payment from the Province in relation the Fort McMurray wildfires. All expenses and revenues were recognized in 2016 and this is receipt of the actual payment.

CONCLUSION:

Based on the operating results to the end of August and the explanations attached, the year-end forecast indicates that the EPS may be \$0.720 million or 0.2% over budget. The projection for the Police Service is primarily due to unbudgeted costs associated with Rounds 1 and 2 of Stanley Cup Playoffs, offset by retroactive 911 Operators recovery, and for the Police Commission's anticipated overspend resulting from upcoming termination payments, an unfunded audit position and the upcoming Street Check Review.

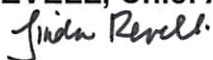
ADDITIONAL INFORMATION ATTACHED:

Operating:

I Budget Variance by Major Category of Revenue & Expenditures

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Approved by: Linda REVELL, Chief Administrative Officer, Corporate Services Bureau 

Chief of Police: 

Date: OCT 04 2017

Edmonton Police Service

Budget Variance by Major Category of Revenues & Expenditures

For the Period Ending August 31, 2017
(\$000's)

| | Current Period | | | | 2016 Year to Date | | | | 2017 Year to Date | | | | Year End Forecast | | | |
|--|------------------|------------------|-----------------|--------------|-------------------|-------------------|----------------|--------------|-------------------|-------------------|-----------------|-------------|-------------------|-------------------|-----------------|--------------|
| | Budget | Actual | Variance | % | Budget | Actual | Variance | % | Budget | Actual | Variance | % | Budget | Projected | Variance | % |
| Revenue | | | | | | | | | | | | | | | | |
| Traffic Safety Act Fines (Note 1) | \$ 1 421 | \$ 1 085 | \$ (336) | -23.6% | \$ 11 870 | \$ 8 848 | \$ (3 022) | -25.5% | \$ 10 340 | \$ 9 859 | \$ (481) | -4.7% | \$ 15 508 | \$ 15 123 | \$ (385) | -2.5% |
| Transfer to COE General Revenues | - | - | - | 0.0% | - | - | - | 0.0% | - | - | - | 0.0% | - | - | - | 0.0% |
| Transfer from Reserve (OTS) (Note 2) | - | - | - | | 15 288 | 15 288 | - | 0.0% | 16 719 | 16 719 | - | 0.0% | 22 292 | 22 292 | - | 0.0% |
| Provincial Grants (Note 3) | 207 | 492 | 285 | 137.7% | 26 206 | 25 703 | (503) | -1.9% | 26 637 | 28 716 | 2 079 | 7.8% | 27 923 | 30 197 | 2 274 | 8.1% |
| Other Revenue (Notes 4 and 12) | 2 140 | 2 567 | 427 | 20.0% | 17 803 | 17 072 | (731) | -4.1% | 17 255 | 18 515 | 1 260 | 7.3% | 26 034 | 27 513 | 1 479 | 5.7% |
| Total Revenue | 3 768 | 4 144 | 376 | 10.0% | 71 167 | 66 911 | (4 256) | -6.0% | 70 951 | 73 809 | 2 858 | 4.0% | 91 757 | 95 125 | 3 368 | 3.7% |
| Expenditures | | | | | | | | | | | | | | | | |
| Personnel | | | | | | | | | | | | | | | | |
| Salary and benefits (Note 5) | 22 474 | 21 307 | 1 167 | 5.2% | 196 884 | 194 926 | 1 958 | 1.0% | 218 096 | 217 553 | 543 | 0.2% | 328 573 | 328 336 | 237 | 0.1% |
| EPS Overtime (Note 6a) | 1 004 | 916 | 88 | 8.8% | 7 036 | 6 746 | 290 | 4.1% | 7 233 | 6 816 | 417 | 5.8% | 11 030 | 10 925 | 105 | 1.0% |
| External Overtime (Note 6b) | 39 | 31 | 8 | 20.5% | 288 | 398 | (110) | -38.2% | 307 | 304 | 3 | 1.0% | 460 | 453 | 7 | 1.5% |
| | 23 517 | 22 254 | 1 263 | 5.4% | 204 208 | 202 070 | 2 138 | 1.0% | 225 636 | 224 673 | 963 | 0.4% | 340 063 | 339 714 | 349 | 0.1% |
| Non-Personnel | | | | | | | | | | | | | | | | |
| Furniture, equipment, IT, materials and supplies (Note 7) | 852 | 667 | 185 | 21.7% | 8 943 | 8 218 | 725 | 8.1% | 8 665 | 8 194 | 471 | 5.4% | 11 827 | 14 166 | (2 339) | -19.8% |
| Contracts and services (Note 8) | 2 000 | 2 040 | (40) | -2.0% | 12 978 | 12 369 | 609 | 4.7% | 12 093 | 12 187 | (94) | -0.8% | 17 462 | 20 232 | (2 770) | -15.9% |
| Vehicles (Note 9) | 628 | 541 | 87 | 13.9% | 4 690 | 5 015 | (325) | -6.9% | 5 030 | 4 858 | 172 | 3.4% | 7 693 | 7 480 | 213 | 2.8% |
| Facilities (Note 10) | 1 507 | 1 221 | 286 | 19.0% | 11 350 | 10 273 | 1 077 | 9.5% | 11 235 | 9 498 | 1 737 | 15.5% | 16 809 | 15 762 | 1 047 | 6.2% |
| Other Expenditures (Note 11) | 219 | (28) | 247 | 112.8% | 3 391 | 2 939 | 452 | 13.3% | 3 402 | 3 001 | 401 | 11.8% | 3 553 | 4 141 | (588) | -16.5% |
| | 5 206 | 4 441 | 765 | 14.7% | 41 352 | 38 814 | 2 538 | 6.1% | 40 425 | 37 738 | 2 687 | 6.6% | 57 344 | 61 781 | (4 437) | -7.7% |
| Total Expenditures (Note 13) | 28 723 | 26 695 | 2 028 | 7.1% | 245 560 | 240 884 | 4 676 | 1.9% | 266 061 | 262 411 | 3 650 | 1.4% | 397 407 | 401 495 | (4 088) | -1.0% |
| Position before Adjustments | 24 955 | 22 551 | 2 404 | 9.6% | 174 393 | 173 973 | 420 | 0.2% | 195 110 | 188 602 | 6 508 | 3.3% | 305 650 | 306 370 | (720) | -0.2% |
| Tangible Capital Assets Budget adjustment (Note 14) | | | | | | | | | | | | | 13 858 | 13 858 | - | 0.0% |
| Net Position ** | \$ 24 955 | \$ 22 551 | \$ 2 404 | 9.6% | \$ 174 393 | \$ 173 973 | \$ 420 | 0.2% | \$ 195 110 | \$ 188 602 | \$ 6 508 | 3.3% | \$ 319 508 | \$ 320 228 | \$ (720) | -0.2% |

** This net position includes both the Police Commission and the Police Service. For transparency, the below information is specific to the Police Commission.

Police Commission

| | | | | | | | | | | | | | | | | |
|---------------|----|----|-----|-------|-----|-----|------|--------|-----|-----|------|--------|-----|-------|-------|--------|
| Personnel | 69 | 72 | (3) | -4.3% | 639 | 660 | (21) | -3.3% | 638 | 605 | 33 | 5.2% | 981 | 1 066 | (85) | -8.7% |
| Non-Personnel | 46 | 36 | 10 | 21.7% | 338 | 374 | (36) | -10.7% | 372 | 419 | (47) | -12.6% | 554 | 664 | (110) | -19.9% |

| | | | | | | | | | | | | | | | | |
|--------------------------|---------------|---------------|-------------|-------------|---------------|-----------------|----------------|--------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|-----------------|---------------|
| Police Commission | \$ 115 | \$ 108 | \$ 7 | 6.1% | \$ 977 | \$ 1 034 | \$ (57) | -5.8% | \$ 1 010 | \$ 1 024 | \$ (14) | -1.4% | \$ 1 535 | \$ 1 730 | \$ (195) | -12.7% |
|--------------------------|---------------|---------------|-------------|-------------|---------------|-----------------|----------------|--------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|-----------------|---------------|

Variance Explanations

Personnel

Year to Date - Under budget as result of a vacancy, which is offset by a 6 months \$70,000 funding for Audit Coordinator, approved through one-time Priority Unfunded Initiative.

Forecast - Over budget due to termination payments of \$132,000, offset by year to date.

Non-Personnel

Year to Date - Over budget as a result of an IT Governance Audit of \$75,000, approved through one-time Priority Unfunded Initiative, which is partially offset by lower than expected legal services.

Forecast - Same as the year to date, and expected \$75,000 Street Check Request for Information in last quarter of the year.

Edmonton Police Service

Explanation of Variances by Major Category of Expenditures and Revenues – Notes

For the Period Ended July 31st 2017**1. Traffic Safety Act (TSA) Fines Revenue**

Year to Date – Revenue is under budget, and is in line with a 2018 budget reduction, which was included on the 2017 Fall Supplemental Operating Budget Adjustment.

Forecast – Same as the year to date.

2. Transfer from Reserve - Office of Traffic Safety (OTS)

Year to Date – Quarterly transfers from the OTS, with the first three payments received to date.

Forecast – No variance is expected.

3. Provincial Grants

Year to Date – Over budget primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), recognition of revenues to offset all 911 Operators expenses from July 01 to December 31, 2016 as supported by Alberta Emergency Management Agency on March 02, 2017, and additional Municipal Policing Assistance Grant (MPAG) funds based on the municipal census.

Forecast – Same as for the year to date.

4. Other Revenue

Year to Date – The over budget position is primarily due to Secondments (offset by greater personnel costs), increased fees and greater volume of Police Information Checks (PIC), and revenues associated with EPS 125 events (offset by greater non-personnel costs). This is offset by reduced volume of towed vehicles, and false alarm fees.

Forecast – Same as for the year to date.

5. Salary and Benefits

Year to date – Under budget primarily due to lower than expected cost of benefits.

Forecast – Same as the year to date.

The sworn member attrition position for the eight months of the year is:

| Attrition | August | August YTD | Full Year |
|-----------------------------|--------|------------|-----------|
| Original Projection | 6 | 45 | 70 |
| Actual & Updated Projection | 7 | 46 | 70 |

As of September 15, 2017, one sworn member has been dismissed, twenty-two sworn members have tendered their resignation, and thirty-one announced their retirement for an attrition total of fifty-four. Of these, forty-six were no longer on the payroll as of August 31, 2017.

6a. EPS Overtime

Year to date – Underspent as a result of limited need of overtime in Police Communication (offset by greater part time costs) and Community Policing, fewer Traffic collisions causing major injury, less than projected overtime required to date in Major Crimes and Serious Crimes Branches. This is offset by costs associated with Rounds 1 and 2 for the Stanley Cup Playoffs.

Forecast – Same as the year to date, partially offset by planned investigation projects.

6b. External Overtime

Year to date – Slightly under budget.

Forecast – Same as the year to date.

7. Furniture, Equipment, IT, Materials and Supplies

Year to date – Under budget due to the timing of purchases.

Forecast – An over spend is projected mainly due to the increased cost of the Microsoft enterprise agreement and other licenses, as well as one-time operating purchases identified through priority unfunded initiatives, such as Conducted Electrical Weapons, Arwen Project, Wire Tap upgrade, and others. The projected overspend is to be offset by surplus in revenue.

8. Contracts & Services

Year to date – Over budget primarily as a result of the IT Governance Audit, and costs associated with EPS 125 events (offset by other revenue).

Forecast – An over spend is projected mainly due to the one-time operating purchases identified through priority unfunded initiatives, such as Utility connection to Nixon, IT Governance Consultant, Communications revitalization project, Community initiative fund, Competency Model, Rebranding, IT Governance Audit, as well as costs associated with EPS 125 events. The overspend is projected to be offset by surplus in revenue.

9. Vehicle Costs

Year to date – Under budget primarily due to lower fuel, maintenance and repair costs.

Forecast – Same as the year to date.

10. Facilities

Year to Date – Under budget as a result of lower custodial, space rent and building maintenance costs as well as fluctuations in utility rates and consumption offset by higher snow removal and landscaping contracts.

Forecast – Same as the year to date. This will offset one-time purchases identified through priority unfunded initiatives, and costs charged to other budget categories (other expenditures).

11. Other Expenditures

Year to Date – Under budget due to the timing of travel and other purchases.

Forecast – Over budget primarily a result of various facilities, renovation and leasing allocations being charged to City's inter-departmental category instead of facilities where budget exists, and travel costs associated with planned investigation projects.

12. Other Revenue

Other Revenue includes revenue received from other City of Edmonton departments for Extra Duty policing.

13. Accruals

The total Operating non-personnel accruals for August amounted to \$1.6 million (rounded).

14. Tangible Capital Assets

Budget held to cover capital qualifying expenses for projects such as vehicles.