



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2018-January-02

SUBJECT: Financial Report for the Period Ending November 30, 2017

RECOMMENDATION:

That the financial report for the period ending November 30, 2017 be received for information.

INTRODUCTION:

This report provides current financial performance information for the Edmonton Police Service (EPS) for the period ending November 30, 2017 and a year-end forecast.

COMMENTS / DISCUSSION:

Operating Results:

The operating results for the period ending November 30, 2017 indicate a net surplus position of \$5.370 million or 1.9% mainly due to surplus in revenue of \$3.291 million, an underspend in personnel costs of \$1.400 million, and an underspend in non-personnel costs of \$0.679 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), greater secondment recoveries, 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 than budgeted Traffic Safety Act revenues. The overall surplus in revenue accumulated throughout the year is being used to offset one-time purchases identified through priority unfunded initiatives.

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

The main cause of the under budget position in non-personnel costs is due to the timing of purchases. These budgets are expected and trending to be utilized by the end of the year and will be overspent due to various one-time purchases identified through priority unfunded initiatives.

CONCLUSION:

Based on the operating results to the end of November and the explanations attached, the year-end forecast indicates that the EPS may be \$2.083 million or 0.7% over budget. The projection for the Police Service is primarily due to unbudgeted costs associated with Rounds 1 and 2 of Stanley Cup Playoffs, and lower Traffic Safety Act revenues; and the Police Commission's anticipated overspend resulting from upcoming termination payment, an unfunded audit position and the expected external consultant reviews for information.

ADDITIONAL INFORMATION ATTACHED:

Operating:

I **Budget Variance by Major Category of Revenue & Expenditures**

Written by: Irina LANGREITER, T/A Director, Finance Management Branch 

Reviewed by: Robert DAVIDSON, T/A Executive Director, Finance Division 

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

Chief of Police: 

Date: JAN 10 2018

Edmonton Police Service

Budget Variance by Major Category of Revenues & Expenditures

Financial Report for the Period Ending November 30, 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	\$ 1 195	\$ (226)	-15.9%	\$ 16 544	\$ 12 610	\$ (3 934)	-23.8%	\$ 14 603	\$ 13 401	\$ (1 202)	-8.2%	\$ 15 508	\$ 14 423	\$ (1 085)	-7.0%
Transfer to COE General Revenues	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Transfer from Reserve (OTS) (Note 2)	-	-	-		20 384	20 384	-	0.0%	22 292	22 292	-	0.0%	22 292	22 292	-	0.0%
Provincial Grants (Note 3)	240	256	16	6.7%	26 828	26 253	(575)	-2.1%	27 369	29 306	1 937	7.1%	27 923	29 830	1 907	6.8%
Other Revenue (Notes 4 and 12)	2 066	2 446	380	18.4%	24 930	24 548	(382)	-1.5%	24 102	26 658	2 556	10.6%	26 034	28 075	2 041	7.8%
Total Revenue	3 727	3 897	170	4.6%	88 686	83 795	(4 891)	-5.5%	88 366	91 657	3 291	3.7%	91 757	94 620	2 863	3.1%
Expenditures																
Personnel																
Salary and benefits (Note 5)	26 803	27 890	(1 087)	-4.1%	287 711	285 956	1 755	0.6%	300 459	299 564	895	0.3%	328 773	329 235	(462)	-0.1%
EPS Overtime (Note 6a)	903	892	11	1.2%	9 615	9 583	32	0.3%	10 040	9 497	543	5.4%	11 030	10 600	430	3.9%
External Overtime (Note 6b)	39	46	(7)	-17.9%	396	554	(158)	-39.9%	422	460	(38)	-9.0%	460	500	(40)	-8.7%
	27 745	28 828	(1 083)	-3.9%	297 722	296 093	1 629	0.5%	310 921	309 521	1 400	0.5%	340 263	340 335	(72)	0.0%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	881	2 239	(1 358)	-154.1%	11 712	11 572	140	1.2%	11 347	12 702	(1 355)	-11.9%	11 689	15 048	(3 359)	-28.7%
Contracts and services (Note 8)	1 651	1 773	(122)	-7.4%	17 545	17 810	(265)	-1.5%	17 031	17 170	(139)	-0.8%	17 438	19 385	(1 947)	-11.2%
Vehicles (Note 9)	628	642	(14)	-2.2%	6 723	7 035	(312)	-4.6%	7 023	6 895	128	1.8%	7 655	7 483	172	2.2%
Facilities (Note 10)	1 522	1 370	152	10.0%	15 871	14 837	1 034	6.5%	15 788	14 034	1 754	11.1%	16 809	15 789	1 020	6.1%
Other Expenditures (Note 11)	233	430	(197)	-84.5%	4 013	3 676	337	8.4%	4 076	3 785	291	7.1%	3 553	4 040	(487)	-13.7%
	4 915	6 454	(1 539)	-31.3%	55 864	54 930	934	1.7%	55 265	54 586	679	1.2%	57 144	61 745	(4 601)	-8.1%
Total Expenditures (Note 13)	32 660	35 282	(2 622)	-8.0%	353 586	351 023	2 563	0.7%	366 186	364 107	2 079	0.6%	397 407	402 080	(4 673)	-1.2%
Position before Adjustments	28 933	31 385	(2 452)	-8.5%	264 900	267 228	(2 328)	-0.9%	277 820	272 450	5 370	1.9%	305 650	307 460	(1 810)	-0.6%
Tangible Capital Assets Budget adjustment (Note 14)													13 858	13 858	-	0.0%
Net Position **	\$ 28 933	\$ 31 385	\$ (2 452)	-8.5%	\$ 264 900	\$ 267 228	\$ (2 328)	-0.9%	\$ 277 820	\$ 272 450	\$ 5 370	1.9%	\$ 319 508	\$ 321 318	\$ (1 810)	-0.6%

** 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	81	89	(8)	-9.9%	889	897	(8)	-0.9%	889	858	31	3.5%	981	1 056	(75)	-7.6%
Non-Personnel	38	35	3	7.9%	461	540	(79)	-17.1%	502	552	(50)	-10.0%	554	677	(123)	-22.2%
Police Commission	\$ 119	\$ 124	\$ (5)	6.1%	\$ 1 350	\$ 1 437	\$ (87)	-6.4%	\$ 1 391	\$ 1 410	\$ (19)	-1.4%	\$ 1 535	\$ 1 733	\$ (198)	-12.9%

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, and portion of the termination payment.

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, approved through one-time Priority Unfunded Initiative, which is partially offset by lower than expected honorariums, and travel and training costs.

Forecast - Same as the year to date, and expected external consultant reviews for information in last quarter of the year.

Police Service	\$ 28 814	\$ 31 261	\$ (2 447)	-8.5%	\$ 263 550	\$ 265 791	\$ (2 241)	-0.9%	\$ 276 429	\$ 271 040	\$ 5 389	1.9%	\$ 317 973	\$ 319 585	\$ (1 612)	-0.5%
-----------------------	------------------	------------------	-------------------	--------------	-------------------	-------------------	-------------------	--------------	-------------------	-------------------	-----------------	-------------	-------------------	-------------------	-------------------	--------------

Variance Explanations (see Attachment 1a)

Edmonton Police Service**Explanation of Variances by Major Category of Expenditures and Revenues – Notes****For the Period Ended November 30th 2017****1. Traffic Safety Act (TSA) Fines Revenue**

Year to Date – Lower than budgeted revenues to date. Recognition of fines is currently being reviewed with the City of Edmonton, and is scheduled to be reviewed by Internal Audit in 2018.

Forecast – Same as the year to date. In addition, the 2018 budget will see a slight reduction, which was approved on the 2017 Fall Supplemental Operating Budget Adjustment.

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

Year to Date – Transfers from the OTS occur on a quarterly basis with the fourth and final quarter completed in October.

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 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 – Minor overspend of 0.1% resulted from lower than expected attrition.

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

Attrition	November	November YTD	Full Year
Original Projection	6	63	70
Actual & Updated Projection	4	57	60

As of December 08, 2017, one sworn member has been dismissed, twenty-four sworn members have tendered their resignation, and thirty-four announced their retirement for an attrition total of fifty-nine. Of these fifty-seven were no longer on the payroll as of November 30, 2017. Projected attrition was reduced from 70 to 60 in September.

6a. EPS Overtime

Year to date – Underspent as a result of limited need of overtime in Community Policing, Police Communication (offset by greater part time costs), fewer Traffic collisions causing major injury, less than projected overtime required to date in Major 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.

6b. External Overtime

Year to date – Over budget offset by higher secondment recoveries.

Forecast – Same as the year to date.

7. Furniture, Equipment, IT, Materials and Supplies

Year to date – An over spend is a result of various one-time operating purchases identified through priority unfunded initiatives, such as Conducted Electrical Weapons, Arwen Project, and others.

Forecast – Same as the year to date, plus increased cost of the Microsoft enterprise agreement and other licenses. The projected overspend is to be offset by surplus in revenue.

8. Contracts & Services

Year to date – Slightly over budget.

Forecast – Over budget as a result of one-time operating purchases identified through priority unfunded initiatives (i.e. Competency Model, Rebranding). The overspend is projected to be offset by surplus in revenue.

9. Vehicle Costs

Year to date – Under budget primarily due to lower fuel and regular maintenance costs partially offset by increased collision 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 (i.e. Furniture, equipment, IT, materials and supplies, and contracts & services), 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, and lower than expected insurance costs.

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 November amounted to \$1.6 million (rounded).

14. Tangible Capital Assets

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